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State of New Mexico Form C-103 Submit 3 Copies To Appropriate District Energy, Minerals and Natural Resources June 19, 2008 District I WELL API NO. 1625 N French Dr , Hobbs, NM 87240 30-015-27458 District II OIL CONSERVATION DIVISION 1301 W Grand Ave , Artesia, NM 88210 District III 5. Indicate Type of Lease 1220 South St. Francis Dr. 1000 Rio Brazos Rd., Aztec, NM 87410 STATE [Santa Fe, NM 87505 District IV 6. State Oil & Gas Lease No. 1220 S St Francis Dr., Santa Fe, NM 87505 SUNDRY NOTICES AND REPORTS ON WELLS 7. Lease Name or Unit Agreement Name: (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 Ross Ranch 22 PROPOSALS) 1. Type of Well: 8. Well Number Oil Well X Gas Well Other 2. Name of Operator 9. OGRID Number Nearburg Producing Company 015742 Address of Operator 10. Pool name or Wildcat North Seven Rivers: GLorieta/ Yeso 3300 N A St., Bldg 2, Ste 120, Midland, TX 79705 4. Well Location Unit Letter 1932 feet from the line and feet from the line Township 25E NMPM 198 Range County Eddy Section 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 12. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data SUBSEQUENT REPORT OF: NOTICE OF INTENTION TO: PLUG AND ABANDON REMEDIAL WORK ALTERING CASING [PERFORM REMEDIAL WORK TEMPORARILY ABANDON **CHANGE PLANS** COMMENCE DRILLING OPNS. P AND A CASING/CEMENT JOB PULL OR ALTER CASING MULTIPLE COMPL DOWNHOLE COMMINGLE OTHER. Plug back [X]OTHER: 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. Please see attached for worked performed during plugback. Rig Release Date: Spud Date: aformation above is true and complete to the best of my knowledge and belief. I hereby certify that the Production Analyst SIGNATURE. sjordan@nearburg.com PHONE 432/686-8235 Type or print name Sanah Jordan E-mail address: For State Use Only

APPROVED BY

Conditions of Approval (if any):

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Ross Ranch 22 #2

Cisco Canyon

Eddy County, New Mexico

** ALL COSTS ARE FIELD ESTIMATES **

04/23/07 Set new anchors, old anchors would not test. MIRU Basic plugging services. MI & rack 243 jts 2 7/8" N80 6.5# EUE 8rd tbg. ND wellhead. NU BOP. PU & RIH w/143 jts 2 7/8" N80 6.5# EUE 8rd tbg. SI & SDFN.

Current Operation This AM: Circ mud.

04/24/07 Road crew to location. RIH w/99 jts 2 7/8" N80 6.5# EUE 8rd tbg (242 total) to CIBP @ 7,598'. Circ hole w/10# mud laden mud. Mix & spot 30 sx cmt from 7,598' to 7,419'. PUH. Mix & spot 30 sx cmt plug from 5,500' to 5,321'. POOH. SI & SDFN. Current Operation This AM: Set CIBP.

04/25/07 Road crew to location. MIRU wireline truck. RIH w/6" GR w/JB to 3,040'. POOH. RIH w/7" CIBP, set @ 3,000'. POOH. RDMO wireline truck. RIH w/tbg to CIBP. Mix & pump 30 sx cmt from 3,000' to 2,820'. PU to 2,800' & circ hole. POOH & LD rest of tbg. ND BOP. NU wellhead. RDMO Basic. Final Report.

Current Operation This AM: Waiting on rig.

05/15/07 MIRU Teaco Rig #2.

Day 1 Current Operation This AM: PU HW and DP.

O5/16/07 Called OCD & alerted of spud. MIRU wireline, ran gyro Run gauge ring to 2,300'. Set 7"

Day 2 CIBP @ 2,005'. RDMO wireline truck Work on rig hook-up PU mill, HW & DP. Tag
plug @ 2,005' RU kelly & swivel Attempted to test csg & BOPE's, unable to test due to
leak on swivel. Unable to repair swivel POOH. Corrected CIBP @ 2205'.

Current Operation This AM: Set Whipstock and cut window.

05/17/07 POOH PU Whipstock & tools RIH w/Whipstock RU wireline. Set Whipstock @ 1.3

Day 3 degrees Azimuth w/top of Whipstock @ 2,192'. POOH w/wireline, shear off RU kelly & swivel. Test csg & BOPE to 1,500# for 10 min. OK. Cut starting window from 2192' to 2194' POOH, LD tools PU mill & RIH Cut window from 2194' to 2200'

O5/18/07 Cut window, circ hole (cut to 2003', 3' past csg) POOH, LD mills Rig repairs (weld on handrails) PU Correction 2203' motor & monel. Test MWD. RIH & tag. RU Gyro.
 Day 4 Fix leaks on goose neck on swivel.

05/19/07 Work on swivel RIH & tag. Slide drlg from 2203' to 2207' Repair Gyro Slide drlg f/2207' Day 5 to 2231' Chk gyro seats @ 2231' (20/20/20/19/21) Slide drlg f/2231' to 2263' Connection & chk Gyro seats Slide drilling f/2263' to 2295' GD Gyro. Survey @ 2255' Inc 18.9 AZM 4.9 Slide drlg f/2295' to 2326'. Survey @ 2287' Inc 29.2 Azm 3.3 Slide drlg f/2326' to 2353'

05/20/07 Slide drilling f/2353' to 2359'. Survey @ 2318' Inc. 39.2, AZ 3.1 Slide drilling f/2359' to 2389'. Survey @ 2349' Inc. 49, AZ 5.3 Slide drilling f/2389' to 2422'. Survey @ 2381' Inc. 58.6, AZ 7.1 Slide drilling f/2422 to 2452'. Survey @ 2413' Inc. 68.6, AZ 4.5 Slide drilling f/2452' to 2484'. Survey @ 2444' Inc. 78.2, AZ 1.4 (Inc. 90 AZ 1.0 @ bit @ 2484 MD, TVD 2376') Pump sweep, circ hole clean. POOH. LD bit & motor. Bit is good condition. TIH w/new bit & motor set @ 1.83. MWD chkd good, re-ran.

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05/21/07 RIH Slide drilling f/2484' to 2498' Drilling f/2498' to 2520' (rotating). Survey @ 2474,
Day 7 Inc. 87.6, AZ 2.5 Drilling f/2520' to 2551' (rotating). Survey @ 2505', Inc. 90.7, AZ 5.3
Drilling f/2551' to 2615' (rotating). Survey @ 2569', Inc. 89.9, AZ 4.2 Drilling f/2615' to 2647' (rotating). Survey @ 2600', Inc. 89.6, AZ 4.2, TVD 2377' Sliding f/2647' to 2651'
Drilling f/2651' to 2678' (rotating). Survey @ 2632', Inc. 89.5, AZ 4.1, TVD 2377'
Drilling f/2678' to 2717" (rotating). Rig service. Work on pumps Drilling f/2717' to 2732'

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(rotating).

05/22/07 TD: 2832' (99); Drilling; MW: 8.4; Visc: 29; pH: 10

Day 8 Drld and surveyed to 2832'. NDA.

05/23/07 TD: 3203' (371'); Drilling; MW: 8.4; Visc: 29; pH: 10

Day 9 Drld and surveyed 3203'. NDA.

05/24/07 TD: 3575' (372'); Drilling; MW: 8.4; Visc: 29; pH: 10

Day 10 Drld and surveyed to 3575'. NDA.

05/25/07 TD: 3890' (315'); LD DP. Day 11 Drld to TD @ 3890. LD DP.

05/26/07 TD: 3890' (315'); Released Rig

Day 12 Finish LD DP & BHA, ND BOP. NU wellhead. Clean pits. Release rig. NOTE: Bit had deep grooves on the sides due to wollering in horizontal hole. This bit had 59 hrs on it,

would not recommend going over this run time. Bit #2 had 22.5 hrs and also had same

wear but not as severe.

06/27/07 RU Pro Wireline to run Static Gradient on well.

Current Operation This AM: SI for build up.

07/02/07 MIRU Pro slick line truck to get a static reservoir pressure making gradient stops at

various intervals. Last stop @ 2175' for 15 minutes then POOH & RDMO Pro slick line truck. Road rig & crew to location from Rancho Verde 10 St Com #2. MIRU Lucky Services pulling unit. Had matting board moved to location along w/ set of pipe racks. ND WH flange & NU BOP. Had Malone welding bring 123 jts- 2 7/8" J-55 6.5# EUE 8rd tubing (new) to location & put on pipe racks. MIRU Key reverse unit. Had TRM pump truck fill reverse pit w/ 100 Bbls 2% KCL wtr. PU & RIH w/ 6" drill bit, bit sub x-over, 65 jts- 2 7/8" J-55 tbg (2068'). Put TIW valve in tbg. Close BOP rams. SI well. SDFN.

Will finish RIH w/ tbg to TD & circulate wellbore in the AM.

Current Operation This AM: Finish RIG w/ tbg.

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07/03/07

Remove TIW valve from tbg. Open BOP rams. PU & RIH w/ 58 jts- 2 7/8" J-55 tbg to tag btm of lateral @ 3888' by tbg tally w/ a total of 123 jts tbg. Should have tagged @ 3890'. Pulled up off btm 2'. RU Key reverse unit pump to reverse circulate 100 Bbls 2% KCL wtr dn csg & out tbg @ 3 bpm for 2 1/2 hrs to clean wellbore. RDMO Key reverse unit. POOH & LD 55 jts- 2 7/8" J-55 tbg on pipe racks. POOH standing back 68 jts- 2 7/8" J-55 tbg in derrick. LD bit sub x-over & 6" drill bit. RIH w/ 2 jts- 2 7/8" J-55 6.5# EUE 8rd tubing (bull plugged as mud jts), 2 7/8" x 4' J-55 perforated tbg sub, new 2 7/8" API SSN, 67 jts- 2 7/8" J-55 6.5# EUE 8rd tubing. ND BOP & NU WH (new 3000# B1 bonnet). Seat nipple approx 2130' +/-. Had Malone welding haul 54 jts- 2 7/8" J-55 tbg to yard off of pipe racks. Had TRM vac truck pull dirty fluid out of reverse pit. Released Key reverse unit. Had Weatherford haul (76) 3/4" x 25' KD rods w/ FHTC, (8) 1 3/8" x 25' Grade K sinker bars w/ FHTC and full set of 3/4" pony rods to location. SDFN. Will shut down for the 4th of July holiday and return Thursday to RIH w/ pump & rods & set pumping unit.

Current Operation This AM: PU and RIH w/ pump and rods.

07/05/07

Remove TIW valve from pumping tee. RU to RIH w/ rods. PU & RIH w/ 2 1/2" x 1 1/2" x 20' RHBC HVR pump w/ BRNC Bbl (+.001"), 4' SM plngr (-.003"), DV T/C b&s w/ 1" LS & SRG & 1 1/4" x 20' x 12' Gas anchor, (8) 1 3/8" x 25' Grade K Sinker bars w/ 3/4" pins, (74) 3/4" x 25' KD rods w/ FHTC (new), (4) 3/4" x 2' x 4' x 6' x 8' KD pony rod subs w/ FHTC, 1 1/4" x 22' PR w/ 1 1/2" x 12' PRL. Space pump as close to btm as we could to barely leave well tagging. RU TRM pump truck to load & test tbg w/ 1 Bbl 2% KCL wtr. Tested tbg to 500# and held good pressure. Long stroked pump w/ unit to check pump action. Had good pump action. RDMO Lucky Services pulling unit. Had Two-State bring frac tank to produce well into. Had Banta roustabout gang build wellhead & hook flowline to frac tank. Had Weatherford bring 160 conventional pumping unit to location & set. SDFN. Will have Dean's electric bring electric panel & hookup motor in the AM.

Current Operation This AM: Hook up electric panel to pump jack.

07/06/07

Had Dean's electricians run power to & set panel on 160 conventional pumping unit. Put percentage timer in panel. Will have D-Jax hookup pump-off controller middle of next week. Had Weatherford bring new weight bolts & put weights on pumping unit. Checked unit balance. OK. Space pump right on bottom. Set tbg back pressure valve @ 250#. Started well pumping @ 2:45 PM w/ 6 SPM.. RDMO Weatherford. FINAL REPORT. Current Operation This AM: Released to production.

07/06/07 - 07/07/07 Pumped BO, 83 BW and 0 MCF in 20 hrs.

07/07/07 - 07/08/07 Pumped BO, 12 BW and 0 MCF.

07/12/07 Move rig & crew to location from B&B 22 #4. MIRU Lucky Services pulling unit. SDFN. Will POOH & LD rods, pump & tubing in the AM. Current Operation This AM: POH and LD rods.

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** ALL COSTS ARE FIELD ESTIMATES **

07/13/07

Shut dn well. Blow dn tbg pressure. Unhang well. POOH & LD 1 1/4" x 22' PR w/ 1 1/2" x 12' PRL. Unseat pump. Continue to POOH & LD (4) 3/4" x 25' KD rods w/ FHTC, (74) 3/4" x 25' KD rods w/ FHTC, (8) 1 3/8" x 25' Grade K Sinker bars w/ 3/4" pins & FHTC, 2 1/2" x 1 1/2" x 20' RHBC HVR pump w/ HWBRNC Bbl (+.001"), 1 1/2" x 4' SM plngr (-.003"), DV T/C b&s, 1' LS & SRG w/ 1 1/4" x 20' x 12' Gas anchor. ND WH & NU BOP. Had TRM pump truck pump 20 Bbls 2% KCL wtr dn csg for well control. POOH & LD 67 jts- 2 7/8" J-55 6.5# EUE 8rd tubing on pipe racks along w/ 2 7/8" API SSN, 2 7/8" x 4' Perforated Tbg sub, 2 jts- 2 7/8" J-55 tbg (bull plugged as mud jt). Had Two-State forklift move rods, tubing & racks off to edge of location. ND BOP. Put Stinger frac valve on top of WH & SI well. Had TRM load csg & get pump in rate @ 2.5 to 2.7 bpm @ 500#. Will need to pump acid as prepad to breakdn rock at beginning of frac job. Had Two-State haul the rest of the frac tanks to location & set. Had TRM fill (13) frac tanks w/ 9# brine & (1) frac tank w/ 10# brine. Had to set (4) frac tanks off location & will transfer wtr to tanks on location when frac job begins. MIRU Guardian flowback manifold & hooked up to frac tank. SDFW. Will RU BJ to frac well Monday AM.

Current Operation This AM: Open hole horizontal in the Glorietta Yeso (Window milled from 2192-2200')

07/14/07 Frac on Monday 07/16/07

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7/16/200

MIRU BJ Services pump trucks to frac well dn csg. RU Stinger csg saver on top of frac valve on wellhead. RU Caribbean Ventures transfer pumps to frac tanks outside battery to transfer 9# brine @ 70 bpm rate to frac tanks inside battery during frac job. BJ test lines to 5100#. Open well w/ 0# csg pressure. Start pumping 4500 gals 15% NEFE acid dn csg @ 15.5 bpm w/ 1271# to spot acid by flushing w/ 90 Bbls 9# brine wtr to top of show. Shut dn for 30 minutes to let acid spend. Start pumping 9# brine as pad @ 60 bpm rate w/ 1601# csg pressure. Pumped 488 Bbls pad then went to .5# 20/40 brown sand pumping 24.3 Bbls 9# brine. The following is a breakdn of prop & rock salt pumped:

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Csg Psi	Bbls Pumped	BPM
1564#	240.7	59.8
1557#	242.5	59.7
1516#	244.5	59.7
1493#	125	54
1438#	240.5	59.6
1632#	242.7	60.9
1586#	243.5	60.7
1540#	75.9	55.5
1504#	240.6	59.9
1650#	#	60.8
1608#	244.6	60.8
1547#	90.1	53.9
1495#	240.4	60.1
1586#	242.6	58
1582#	245.1	58
1590#	69.7	54.1
1557#	241.8	57.4
1806#	242.6	54.5
1856#	244.8	55.5
1859#	80.1	51.2
1846#	240.1	53.9
1919#	242.8	55.5
1890#	244.8	55.5
1812#	97.8	49.3
2400#	122.5	51
2017#	46	53.3
1977#	88	53.8

Shutdown pumps. ISDP @ 1322#. 5 min- 1227#, 10 min- 1199#, 15 min- 1179#. Treating pressures: MAX- 3277#, MIN- 1438#, AVG- 1825#. Injection rates: Treating fluid- 58 bpm, Flush- 53.8 bpm. RD Stinger csg saver. RD Caribbean Ventures transfer pumps. RDMO BJ Services trucks. Have 5663.7 Bbls load wtr to recover. RU Guardian flowback manifold & start flowing well back to frac tank @ 20 bph rate after BJ equipment moved.

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07/17/07 Started flowing well back @ 3:45 PM 7-16-07. Guardian flowback hand flowed well back 278 Bbls wtr to frac tank overnight averaging 20 bph rate in 15 hrs increasing choke to an 18 positive @ 5:00 AM. The following is a breakdn of hourly readings for

flowback today:

Time	Csg Psi	Wtr/Hr	Total	Wtr Flowed Remarks
7:00 AM	400#	21	278	
8:00 AM	370#	22	300	
9:00 AM	340#	28	328	
10:00 AM	370#	21	349	**Shut in to move manifold to MIRU
11:00 AM	360#	19	368	Lucky pulling unit.
12:00 PM	320#	20	388	
1:00 PM	260#	27	415	
2:00 PM	210#	29	444	
3:00 PM	190#	28	472	•
4:00 PM	170#	26	498	
5:00 PM	160#	24	522	
6:00 PM	145#	27	549	

Well still flowing back @ avg 25 bph rate to frac tank. Have recovered 549 Bbls load wtr. Have 5114 Bbls load to recover. MIRU Lucky Services pulling unit. Had Two-State forklift move rods & tubing back by wellhead. Had Two-State move frac tanks off location after TRM vac trucks emptied them. Left Guardian watching well overnight flowing back until csg pressure falls to 0#. Will RIH w/ hook on 2 7/8" tbg to POOH w/ whipstock in AM.

07/18/07

Well still flowing this AM to frac tank. Had 50# csg pressure. Opened csg wide open to frac tank. Flowed for another 2 hrs to bleed dn to where we could get the frac valve off WH & NU BOP. ND Guardian flowback manifold. Had TRM vac truck keep fluid from running over BOP while RIH w/ fishing tools & tubing. Recovered a total of 865 Bbls wtr to frac tank up to 9:00 AM this AM. Still have 4798 Bbls load wtr left to recover. Open BOP. PU & RIH w/ whipstock hook, 4 3/4" OD Logan Oil jars w/ 3 1/2" IF connections, (6) 4 3/4" drill collars, x-over sub, 63 jts- 2 7/8" J-55 6.5# EUE 8rd tubing to 2202'. Worked tbg from 2202' up to 2182' rotating 1/8 turn on each pick up until hook engaged whipstock. Made a total of 6 pick ups before latching into whipstock. Jarred whipstock 3 times before whipstock became free. POOH w/ 63 jts- 2 7/8" J-55 tbg, (6) 4 3/4" drill collars. LD the Logan Oil jars along w/ hook & the whipstock. PU & RIH w/ 6 1/2" drill bit, bit sub, (6) 4 3/4" dill collars, x-over top sub, 62 jts- 2 7/8" J-55 tbg. Put TIW valve in tbg. Left csg open to frac tank. Close BOP rams. SDFN. Two-State hauled more frac tanks off location & TRM vac truck hauled off more 9# brine to disposal. MIRU Lucky Rental reverse unit. Will PU swivel in the AM to DO CIBP.

07/19/07

Remove TIW valve from tbg. Open BOP rams. PU & RIH w/ 1 jt- 2 7/8" J-55 tbg. PU next jt of tbg on swivel. Tag CIBP w/ 64th jt tbg @ 2205'. Had Lucky Rental reverse pump start reverse circulating & DO CIBP. Took 3 1/2 hrs to DO CIBP. PU & RIH w/ 20 jts- 2 7/8" J-55 tbg to chase CIBP to cmt plug @ 2820'. Tagged TOC w/ 84th jt tbg @ 2820'. Had Lucky reverse unit circulate btms up for 45 minutes til clean. POOH & LD 7 jts- 2 7/8" J-55 tbg on pipe racks leaving 76 jts- 2 7/8" J-55 tbg to stand back in derrick. POOH & LD x-over sub, (6) 4 3/4" drill collars, bit sub & 6 1/8" drill bit. Close BOP blinds. Open csg into flowline. SDFN. Will RIH w/ tbg, SN, pump & rods in the AM.

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07/20/07

Open BOP blinds. Had TRM vac truck tied onto csg to keep wtr from running over top of BOP while RIH w/ tubing. Had vac truck pull all wtr out of reverse pit. Well flowed back 50 Bbls wtr to frac tank last night & 180 Bbls wtr the previous day. RIH w/1 jt-2 7/8" J-55 6.5# EUE 8rd tubing (open ended as tail pipe), 2 7/8" API Standard Seat Nipple, 76 jts- 2 7/8" J-55 6.5# EUE 8rd tubing. ND BOP & NU WH. RU to RIH w/ rods. PU & RIH w/ rebuilt 2 1/2" x 1 1/2" x 20' RHBC HVR pump w/ HWBRNC Bbl (+.001"), 1 1/2" x 4' SM plngr (-.003"), DV T/C b&s, 176" stroke w/ 1' LS & SRG & 1 1/4" x 12' Gas anchor, (8) 1 3/8" x 25' Grade K Sinker bars w/ 3/4" pins, (86) 3/4" x 25' "KD" rods w/ FHTC, (1) 3/4" x 2' "KD" pony rod sub w/ FHTC, 1 1/4" x 22' PR w/ 1 1/2" x 12' PRL. Respace pump 10" off bottom. Hang well on. Tbg loaded already. Had good pump action. Pressured up on tubing w/ pumping unit to 500#. Held good pressure. RDMO Lucky Services pulling unit & TRM vac truck. Put well on production @ 2:00 PM on D-Jax pump-off controller to frac tank. Will have flowline to production equipment put in on Monday. All frac tanks moved off location from frac job. All other equipment released. Had Banta gang haul unused 2 7/8" J-55 tbg back to yard. FINAL REPORT. Current Operation This AM: Returned to production.