

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB NO 1004-0137
Expires March 31, 2007

RM

MAY 12 2009

Lease Serial No

NMNM100844

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

1 Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2 Name of Operator

Nearburg Producing Company

3a Address

3300 N A St., Bldg 2, Ste 120, Midland, TX 79705

3b Phone No (include area code)

432/686-8235

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

660 FSL and 330 FWL, Sec 22-16S-28E

330

6 If Indian, Allottee or Tribe Name

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

8 Well Name and No

Comet 22 Federal #1

9 API Well No

30-015-35832

10 Field and Pool, or Exploratory Area
Crow Flats; Wolfcamp

11 County or Parish, State

Eddy

NM

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

TYPE OF SUBMISSION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice

TYPE OF ACTION

☐ Acidize☐ Alter Casing☐ Casing Repair☒ Change Plans☐ Convert to Injection☐ Deepen☐ Fracture Treat☐ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☐ Other

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 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 final site is ready for final inspection.)

NPC requests to use a Closed Loop System from 0' thru 1800' salt section then change to a fresh wtr reserve pit system for remainder of well.

Please see attached csg and cmt modifications.

DH commingle behind pipe - Subject to Like Approval by State

Additional cement needed on prod csg.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVED

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

Butch Willis

Title

Drilling Manager

Date

MAY 7 2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

JAMES A. AMOS
SUPERVISOR-EPS

Approved by

Title

Date

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.

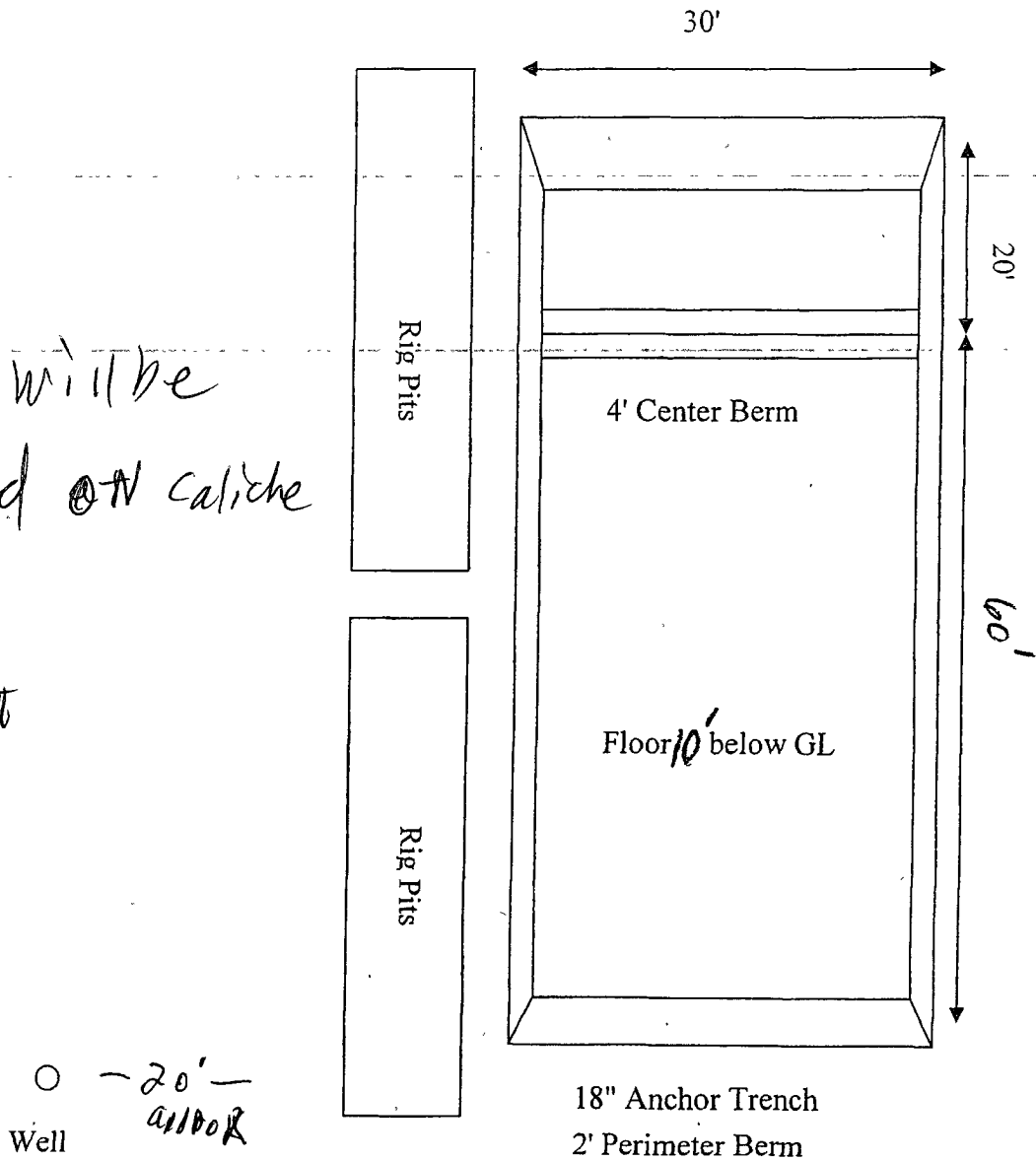
Office

CARLSBAD FIELD OFFICE

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes 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.

Temporary Pit Design and Construction

Pits will be
located on caliche
pad.
C. Layton



Pit Dimensions:

Width: 30'. Length: 60'. Depth: 10' below GL.

Perimeter berm is 2' above GL.

Center berm stands 4' above floor.

Pit is fenced on 3 sides with barbed wire before & during drilling operations. Fourth side will be installed after drilling operations are completed.

Pit is lined with 20 mil string reinforced LLDPE installed with 18" anchor trench.

Approximate volume including 2' freeboard: 3,600 bbl.

Slope end walls 2:1. Slope long side walls less than 2:1.

oil cell 05/05/09

**ATTACHMENT TO FORM 3160-3
COMET 22 FEDERAL #1
660 FL AND 330 FWL, SECTION 22, 16S, 28E
EDDY COUNTY, NEW MEXICO**

DRILLING PROGRAM

1. CASING AND CEMENTING PROGRAM

or 57.5 J55 STC

<u>Hole Size</u>	<u>Casing Size</u>	<u>Interval</u>	<u>Weight</u>	<u>Grade</u>	<u>Joint</u>
17-1/2"	13-3/8	0' - +/-500'	48#	H40	STC
Collapse sf - 2.98, Burst sf - 2.33, Tension sf - 13.425					
12-1/4"	8-5/8	0' - 1800'	32#	J55	STC
Collapse sf - 2.706, Burst sf - 2.18, Tension sf - 7.85					
7-7/8	5-1/2	0 - 6000'	17#	L80	LTC
Collapse sf - 2.08, Burst sf - 2.35, Tension sf - 2.92					
6-1/8"	4-1/2	6000' - 11,150'	13.5#	P110	BTC
Collapse sf - 2.246, Burst sf - 2.61, Tension sf - 3.29					

11138 div. p/ao.

13-3/8 Surface csg set at +/- 500'. Circ to surface w/ +/- 500 sx Class C W/ 2% CaC12, 1.35 yd.

8-5/8 Int Csg set at +/-1800'. Circ to surface w/ +/- 800 sx 35/65 Poz C, 2.05 yd and 200 sx Class C w/ 2% CaC12, 1.35 yd.

5-1/2 Prod Csg set at +/-6000 w/ port collar and cmt w/ +/- 1000 sx 50/50/2 C, 1.37 yd. Est TOC @ Surface.

Reduce to 4-1/2 Prod Csg from 6000-11,150 w/ Peak Pkr System

2. PRESSURE CONTROL

After setting 13-3/8 casing and installing 3000 psi csg head, NU 13-5/8 3000 psi snnular BOPE. Test BOPE, casing and manifold to 1000 psi w/ rig pump.

After setting 8-5/8 casing and installing 3000 psi casing spool, NU 3000 psi double ram BOPE and 3000 psi annular BOPE. Test double BOPE and manifold to 3000# and annular to 1500 psi using an independent tester and used continuously until TD is reached. Blind rams will be operationally checked on each trip out of hole. Pipe rams will be operationally checked each 24 hr period. These checks will be noted on daily tour sheets.

3. PROPOSED MUD SYSTEM

<u>Interval</u>	<u>Mud Wt</u>	<u>Visc</u>	<u>FL</u>	<u>Type Mud System</u>
0-500'	8.5	28	NC	Fresh water native mud w/paper for seepage and sweeps. Lime for PH.
500-1800'	9.1	30	NC	Cut brine mud, lime for PH and paper for seepage and sweeps.
1800-6800'	9.1	29	NC	Drill section w/ fresh water/ Polymer circ the reserve utilizing periodic sweeps of paper as needed for seepage control and solids removal.
6000-11150'	9.5	36	10	Drill horizontal section w/ XCD polymer

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the well site at all times.

4. PRODUCTION HOLE DRILLING SUMMARY

Drill 7-7/8 hole to 6000, reduce hole size to 6-1/8. Kick off and build curve +/- 600' to horizontal 6750' TVD – Drill horizontal section in an east dir +/- 4500 Lateral.

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Nearburg Producing Company
LEASE NO.:	NMNM-100844
WELL NAME & NO.:	Comet 22 Federal 1
SURFACE HOLE FOOTAGE:	0660' FSL & 0330' FWL
BOTTOM HOLE FOOTAGE	0330' FSL & 0330' FEL
LOCATION:	Section 22, T. 16 S., R 28 E., NMPM
COUNTY:	Eddy County, New Mexico

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

1. **Although Hydrogen Sulfide has not been reported in this section, it is always a potential hazard. If Hydrogen Sulfide is encountered, please report measured amounts and formations to the BLM.**
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. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

High cave/karst area.

Possible lost circulation in the Grayburg and San Andres formations.

Possible water flows in the Salado and Artesia Groups.

High pressure gas bursts possible within the Wolfcamp formation.

1. The 13-3/8 inch surface casing shall be set **at approximately 500 feet into the Tansill formation** and cemented to the surface.
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 - b. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.

Fresh water mud to be used to setting depth for the 8-5/8" casing.

2. The minimum required fill of cement behind the **8-5/8** inch intermediate casing is:
 - ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above.
Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst.
3. The minimum required fill of cement behind the **5-1/2 inch with crossover to 4-1/2"** inch production casing is:
 - ☒ **Cement to circulate from 6000' to surface.** If cement does not circulate, contact the appropriate BLM office. **4-1/2" Peak system liner does not require cement. This casing design creates the potential for downhole commingling behind pipe of the Abo and Wolfcamp formations.**
4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.
3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **8-5/8"** intermediate casing shoe shall be **3000 (3M)** psi.
4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
 - d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug

and 30 minutes without a test plug.

- e. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.
- f. **Effective November 1, 2008, no variances will be granted on reduced pressure tests on the surface casing and BOP/BOPE. Onshore Order 2 requirements will be in effect.**

D. 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.

E. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

WWI 043009