


APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM 93460	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Nadel Gussman Permian, L.L.C.		7. If Unit or CA Agreement, Name and No.	
3a. Address 601 N. Marienfeld, TX 79701		8. Lease Name and Well No. Josey Federal #1	
3b. Phone No. (include area code) (432) 682-4429		9. API Well No. 30-015- 33594	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface UL P Sec. 30 T20S R23E 780' FSL & 810' FEL At proposed prod. zone UL P Sec. 30 T20S R23E 780' FSL & 810' FEL		10. Field and Pool, or Exploratory Chester L	
14. Distance in miles and direction from nearest town or post office* 20 miles South of Hope, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec. 30, T20S-R23E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 780' FSL	16. No. of Acres in lease 1279.36	17. Spacing Unit dedicated to this well 320 (E/2)	12. County or Parish Eddy County
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. n/a	19. Proposed Depth 9,000'	20. BLM/BIA Bond No. on file NM 2812	13. State NM
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL4300'	22. Approximate date work will start* September 1, 2004	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. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 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). | 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 07/23/04
Title Staff Engineer		
Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara	Date AUG 25 2004
Title 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)

Controlled Water Basin

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

Witness Surface Casing

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

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
March 12, 2004

For drilling and production facilities,
submit to appropriate NMOC 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 GUSSEMAN PERMIAN Telephone: (432) 682-4429 e-mail address: _____		
Address: 601 N. Marienfeld, Suite 508 Midland, TX 79701		
Facility or well name: Josey Federal #1 API #: 30-015- U/I, or Qtr/Qtr: P Sec: 30 T: 20S R: 23E		
County: Eddy Lat: N32°32'20.8" Longitude: W104°43'27.6" NAD: 1927 <input type="checkbox"/> 1983 <input type="checkbox"/> Surface Owner Federal <input checked="" type="checkbox"/> State <input type="checkbox"/> Private <input type="checkbox"/> Indian <input type="checkbox"/>		
Pit Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness 20 mil Clay <input type="checkbox"/> Volume 20,000 bbl	Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) 0 (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points) 20
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) 10 (0 points)
Ranking Score (Total Points)		30

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:

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.

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 NMOC guidelines ☒, a general permit ☐ or an (attached) alternative NMOC-approved plan ☐.

Date: 08/30/04

Printed Name/Title: Josh Fensholt, Staff Engineer

Signature: *[Signature]*

Your certification and NMOC 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.

Approved: *[Signature]*

Date: AUG 30 2004

Printed Name/Title: *[Signature]*

Signature: *[Signature]*

As a condition of approval
a detailed closure plan
must be filed before
closure may commence.

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 #1

Lease Number: Federal Lease NM 93460

Legal Description of Land: (SHL) 780' FSL & 810' FEL, Sec. 30, T20S-R23E, Eddy Co., NM

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

Formations: Morrow, Atoka, Strawn, and Delaware

Bond Coverage: Statewide

BLM Bond File Number: NM2812

Land is Federally owned.

Authorized Signature: _____



Name: Josh Fernau

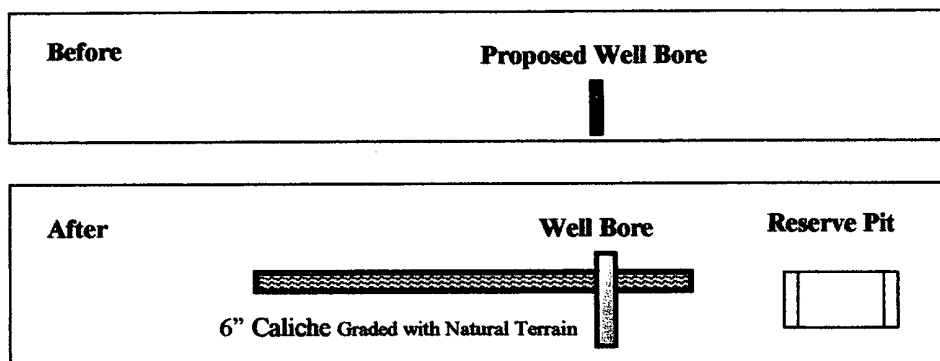
Title: Staff Engineer

Date: 07/23/04

13 Point Land Use Plan

1. **Existing Roads** - A small scale vicinity map is attached (**Exhibit #3**) 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 #5A,B**) shows the location of the well
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 #4**). The lease is not fenced and a cattle guard or gate will not be needed.
3. **Location of Existing Wells** –The Orval BDQ State #1, operated by Yates Petroleum Corporation is located in Section 32, T20S-R23E, 2090' FNL & 1093' FWL.
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.
 - 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 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.
6. **Ancillary Facilities** – There are no camps or airstrips planned.
7. **Well Site Layout** – The well site (see NMOCD C-102 Form) has been staked and is also indicated on the enclosed maps (**Exhibits #1, #2, #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:



8. 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.

9. 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 south of this location (Man Made body of water stock pond). There are several draws (Exhibit #5A).
- Dwellings – There are no inhabited structure within 1000 feet 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.

10. Operator's Representative -

Joel Martin	Office Phone	(432) 682-4429
	Home Phone	(432) 694-2569
	Mobile Phone	(432) 238-9969
Josh Fernau	Office Phone	(432) 682-4429
	Home Phone	(806) 928-5213
	Mobile Phone	(432) 238-2874
Lee Ledbetter	Office Phone	(505) 746-1428
	Home Phone	(505) 887-0866
	Mobile Phone	(505) 631-6071

11. Other facets: none

- 12. 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 B&H Construction Company or their contractors and sub-contractors in conformity with this plan.



Josh Fernau
Staff Engineer
Date: 07/23/04

13 Point Drilling Plan:

- Location:** (SHL) 780' FSL & 810' FEL, Sec. 30, T-20-S, R-23-E, Eddy County, New Mexico (**Form C-102**)
- Elevation:** 4300' GL
- Geological Name of Surface Formation:** Quaternary Rock
- Type of Drilling Tools to be utilized:** Rotary Tools
- Proposed Drilling Depth:** 9,000'
- Tops of Important Geological Markers:**

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:

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 @ 9,000' TOC to be determined

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 with pipe rams and blind rams, kill line, choke manifold, Komey hydraulic controls, and accumulator with remote controls. When nipping up, will test BOP and choke to 1000 psi, will operate BOP once a day or as directed by the company 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 9,000' 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 3000' to TD.

13. Anticipated starting date & duration:

Plans are to begin drilling operations about September 1, 2004; approximately 30 days will be required to drill the well and 10 days will be needed for the completion.

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.

Form C-102
Revised March 17, 1999

DISTRICT II
811 South First, Artesia, NM 88210

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

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 1
OGRID No.	Operator Name NADEL AND GUSSMAN PERMIAN, L.L.C.		Elevation 4300'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	30	20 S	23 E		780	SOUTH	810	EAST	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
Dedicated Acres 320	Joint or Infill	Consolidation Code		Order No.					

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		
LOT 2		
LOT 3		
LOT 4	<p>at - N32°32'20.8" on - W104°43'27.6"</p>	<h3 style="text-align: center;">OPERATOR CERTIFICATION</h3> <p>I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.</p> <p style="text-align: right;"><i>[Signature]</i></p> <hr/> <p style="text-align: right;">Josh Fernau</p> <hr/> <p style="text-align: right;">Staff Engineer</p> <hr/> <p style="text-align: right;">07/23/04</p> <hr/> <h3 style="text-align: center;">SURVEYOR CERTIFICATION</h3> <p>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.</p> <p style="text-align: right;">JUNE 23, 2004</p> <hr/> <p>Date Surveyed _____ Signature & Seal _____ Gary L. Jones Professional Surveyor NEW MEXICO 1977 W.O. No. 4380A Certificate No. Gary L. Jones 7977 PROFESSIONAL LAND SURVEYORS LASIN-SURVEYS</p>

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

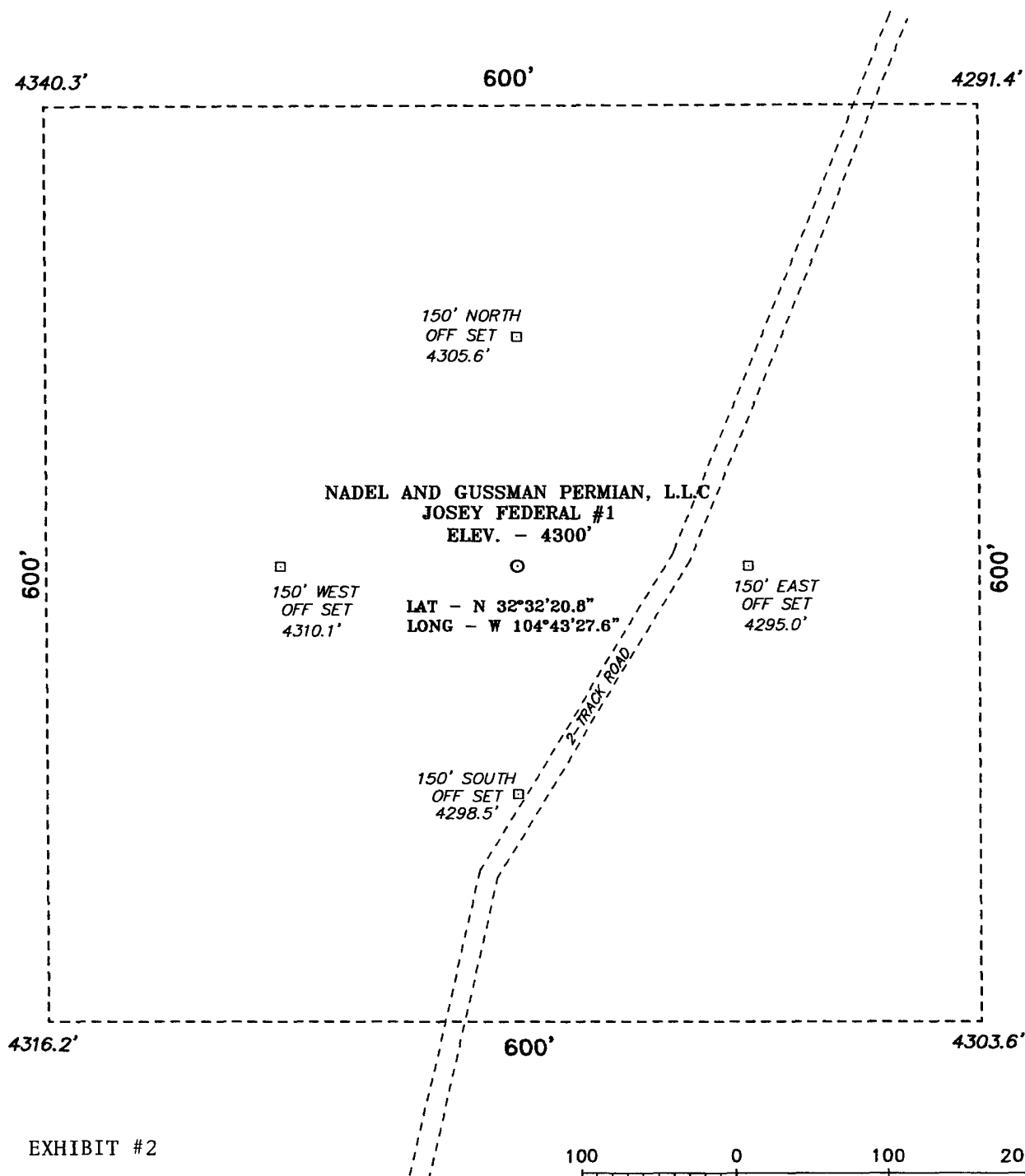


EXHIBIT #2

DIRECTIONS TO WELL LOCATION

FROM THE JUNCTION OF CO. RD. 12 AND CO. RD. 23, GO SOUTH ON CO. RD. 12 FOR 5.1 MILES; THENCE EAST ON LEASE ROAD FOR 1.9 MILE TO 2-TRACK ROAD; THENCE NORTHERLY ALONG 2-TRACK FOR APPROX. 0.5 MILE TO LOCATION.

NADEL AND GUSSMAN PERMIAN, L.L.C.

REF: JOSEY FEDERAL No. 1 / Well Pad Topo

THE JOSEY FED. No. 1 LOCATED 780' FROM THE SOUTH LINE AND 810' FROM THE EAST LINE OF SECTION 30, TOWNSHIP 20 SOUTH, RANGE 23 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 4360A Drawn By: K. GOAD

Date: 06-25-2004 Disk: KJG #7 - 4360A.DWG

Survey Date: 06-23-2004 Sheet 1 of 1 Sheets

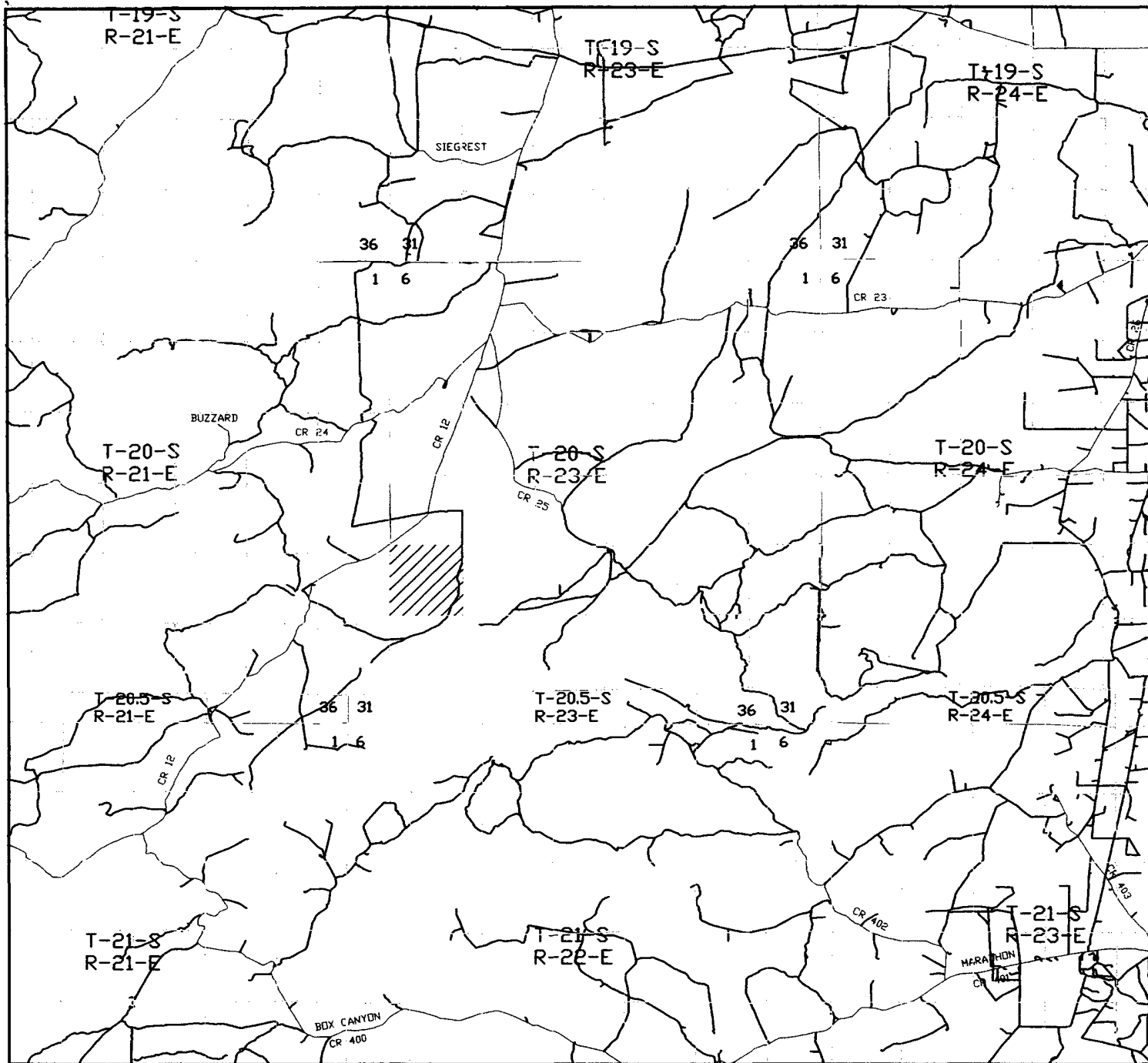


EXHIBIT #3

JOSEY FEDERAL #1

Located at 780' FSL and 810' FEL
 Section 30, Township 20 South, Range 23 East,
 N.M.P.M., Eddy County, New Mexico.

basin
surveys
 focused on excellence
 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basinsurveys.com

W.O. Number: 4360AA - KJG CD#6

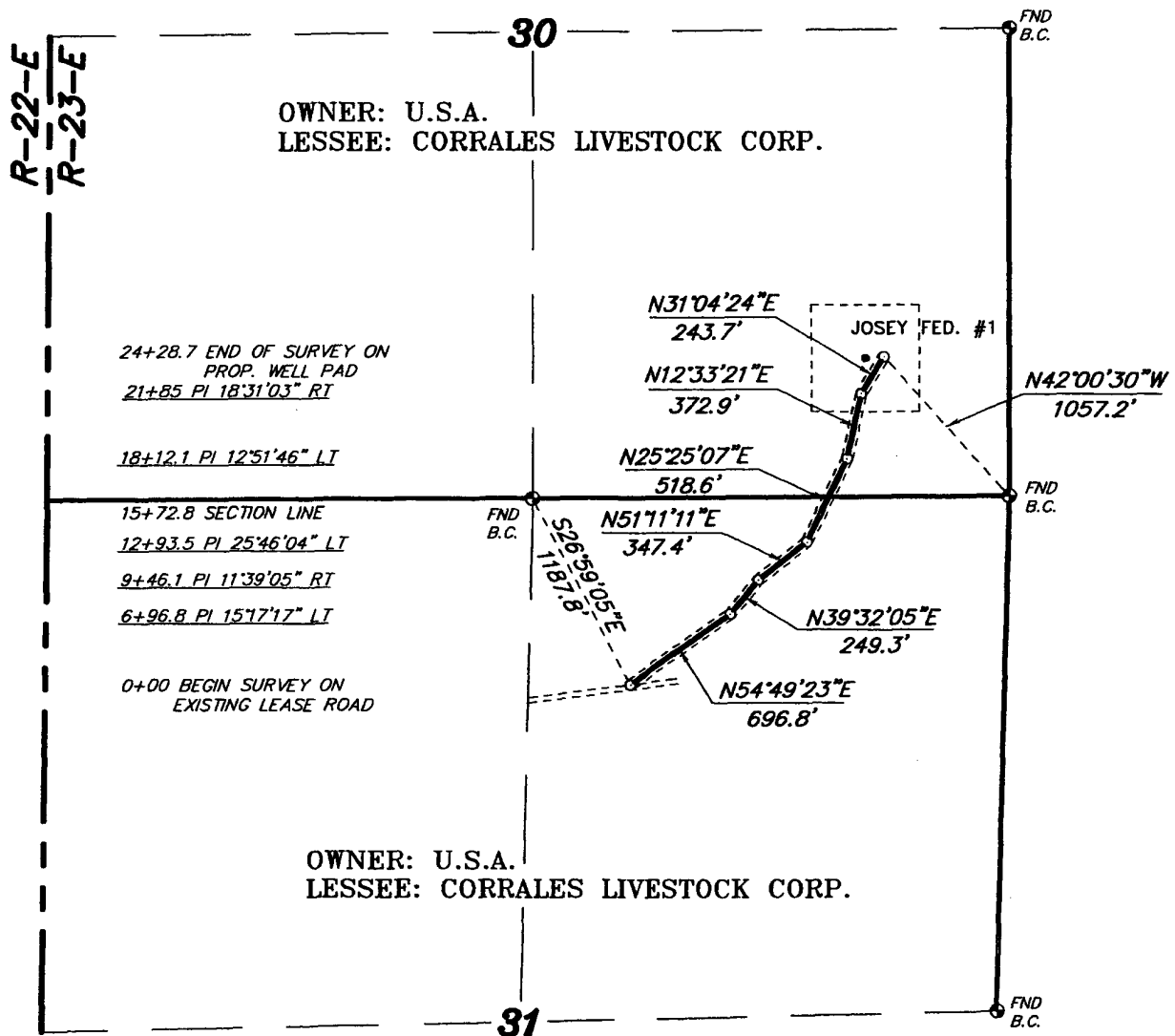
Survey Date: 06-23-2004

Scale: 1" = 2 MILES

Date: 06-25-2004

NADEL & GUSSMAN
PERMIAN, L.L.C.

SECTIONS 30&31, TOWNSHIP 20 SOUTH, RANGE 23 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



LEGAL DESCRIPTION

A STRIP OF LAND 50.0 FEET WIDE, LOCATED IN SECTIONS 30&31, TOWNSHIP 20 SOUTH, RANGE 23 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 25.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

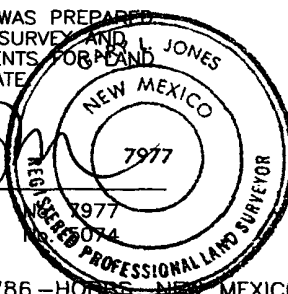
SEC 30 855.9 FEET = 0.16 MILES = 51.87 RODS = 0.98 ACRES

SEC 31 1572.8 FEET = 0.30 MILES = 95.32 RODS = 1.80 ACRES

TOTAL 2428.7 FEET = 0.46 MILES = 147.19 RODS = 2.78 ACRES

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED
FROM FIELD NOTES OF AN ACTUAL SURVEY AND
MEETS OR EXCEEDS ALL REQUIREMENTS FOR PLAT
SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES N.M. P.S.
TEXAS P.L.S.



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

W.O. Number: 4360

Drawn By: K. GOAD

Date: 06-25-2004

Disk: KJG CD#5

- NAD4360A.DWG

Survey Date: 06-23-2004

Sheet 1 of 1 Sheets

1000 0 1000 2000 FEET

NADEL AND GUSSMAN PERMIAN, L.L.C.

REF: PROPOSED LEASE ROAD TO THE JOSEY FED. #1

A ROAD CROSSING USA LAND IN
SECTIONS 30&31, TOWNSHIP 20 SOUTH, RANGE 23 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

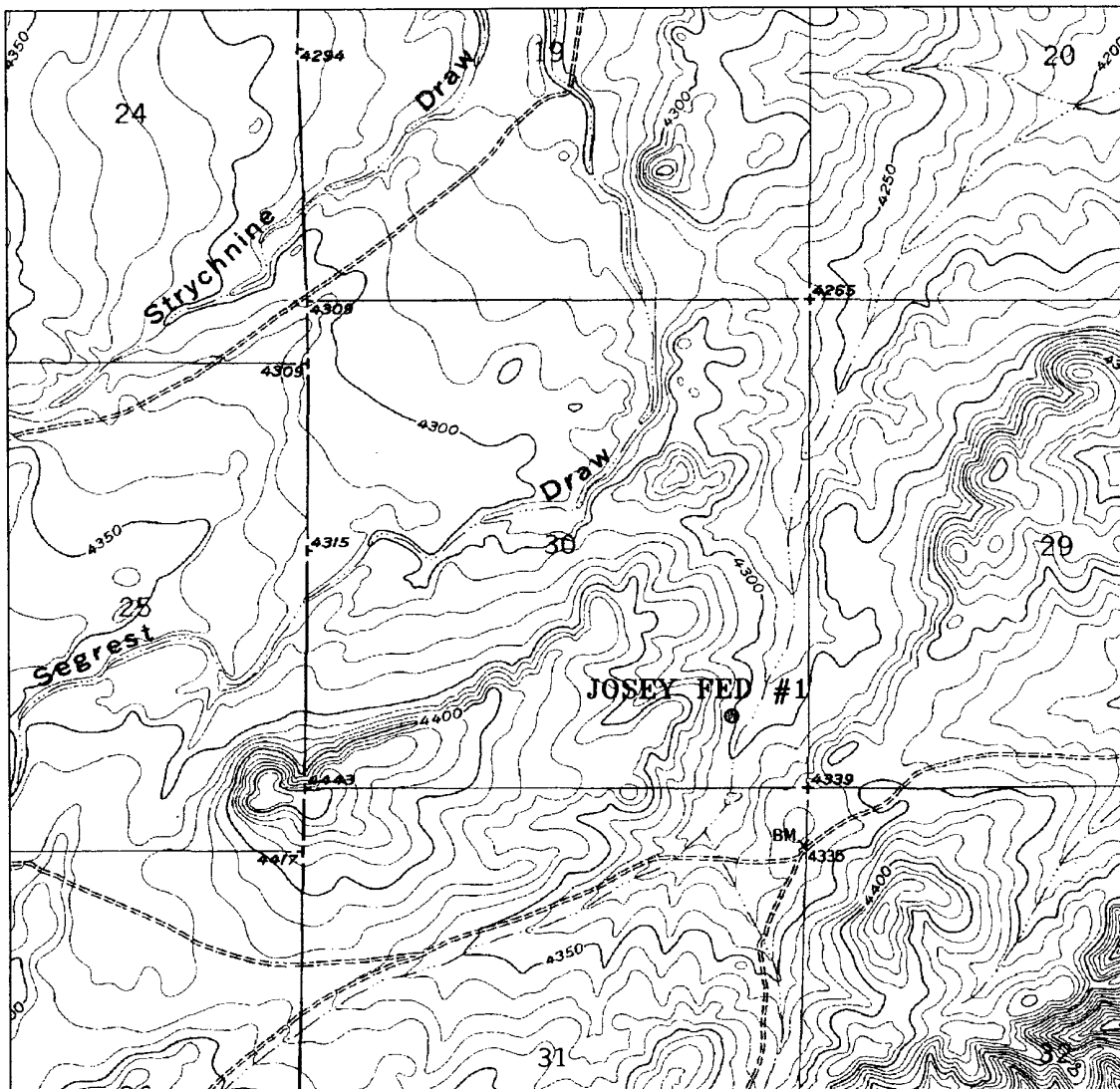
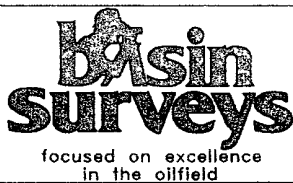


EXHIBIT #5A

JOSEY FEDERAL #1

Located at 780' FSL and 810' FEL
 Section 30, Township 20 South, Range 23 East,
 N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basinsurveys.com

W.O. Number: 4360AA - KJG CD#6

Survey Date: 06-23-2004

Scale: 1" = 2000'

Date: 06-25-2004

**NADEL & GUSSMAN
 PERMIAN, L.L.C.**

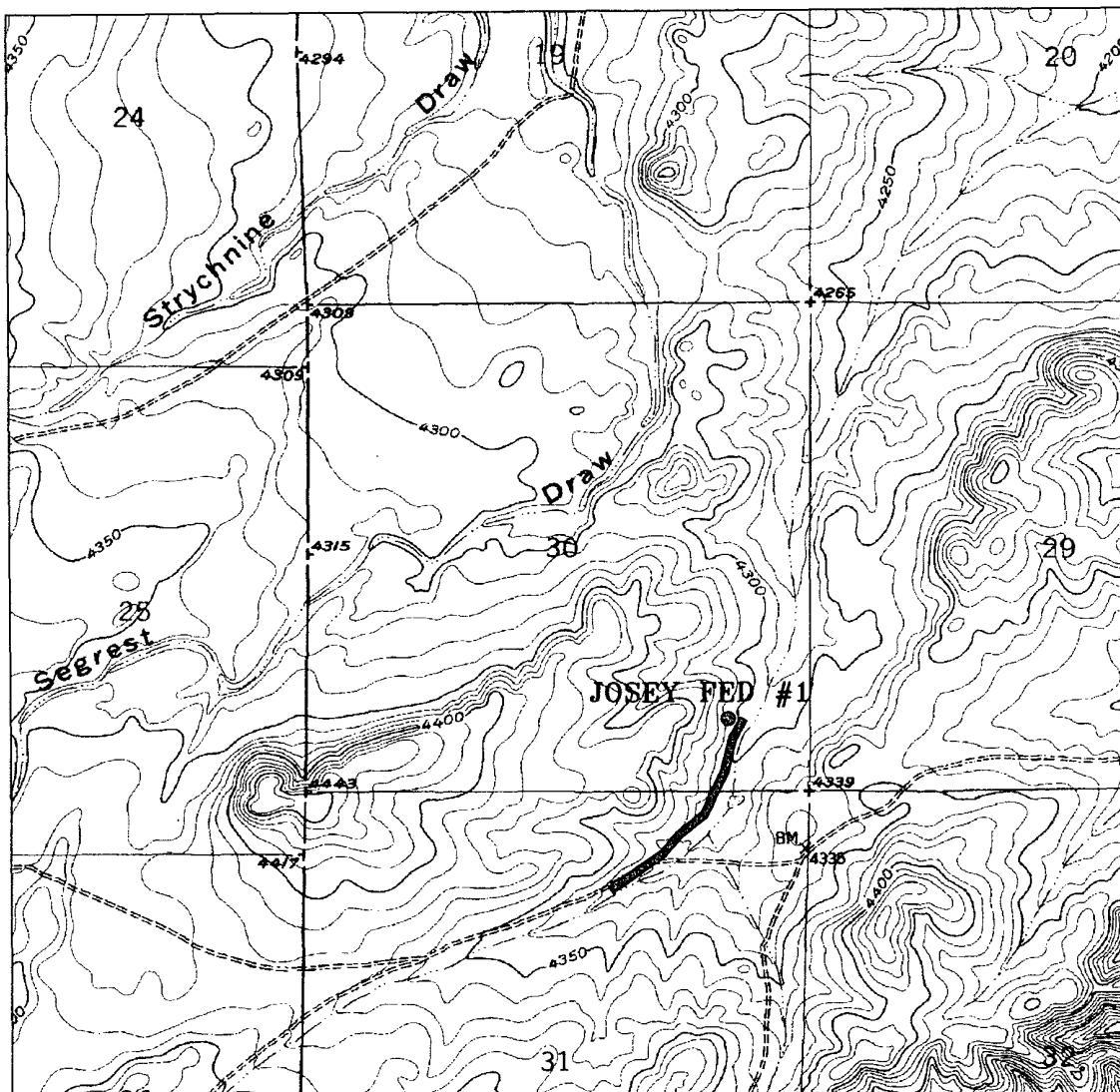
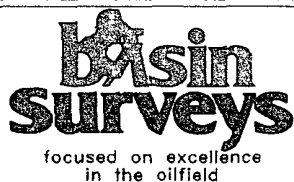


EXHIBIT #5B

LEASE ROAD TO THE JOSEY FEDERAL #1
 Located at 780' FSL and 810' FEL
 Section 30, Township 20 South, Range 23 East,
 N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basinsurveys.com

W.O. Number: 4360AA - KJG CD#6

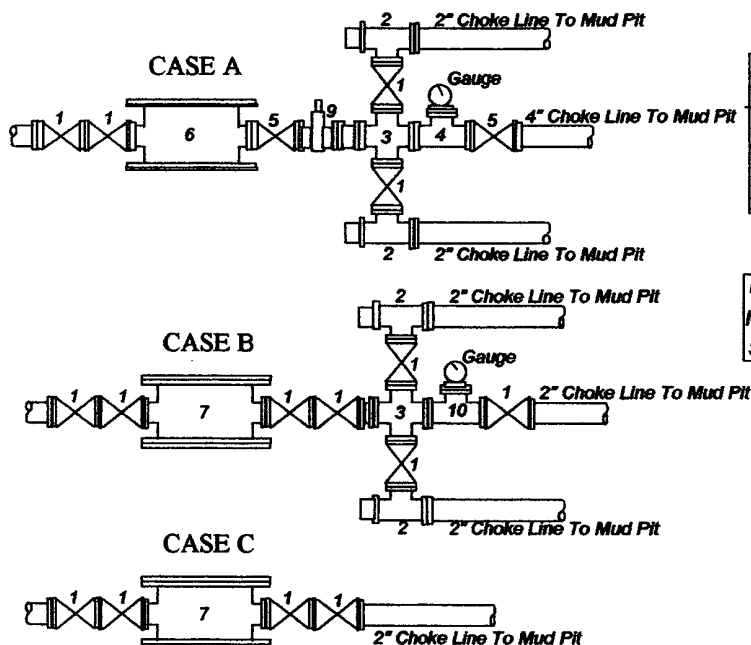
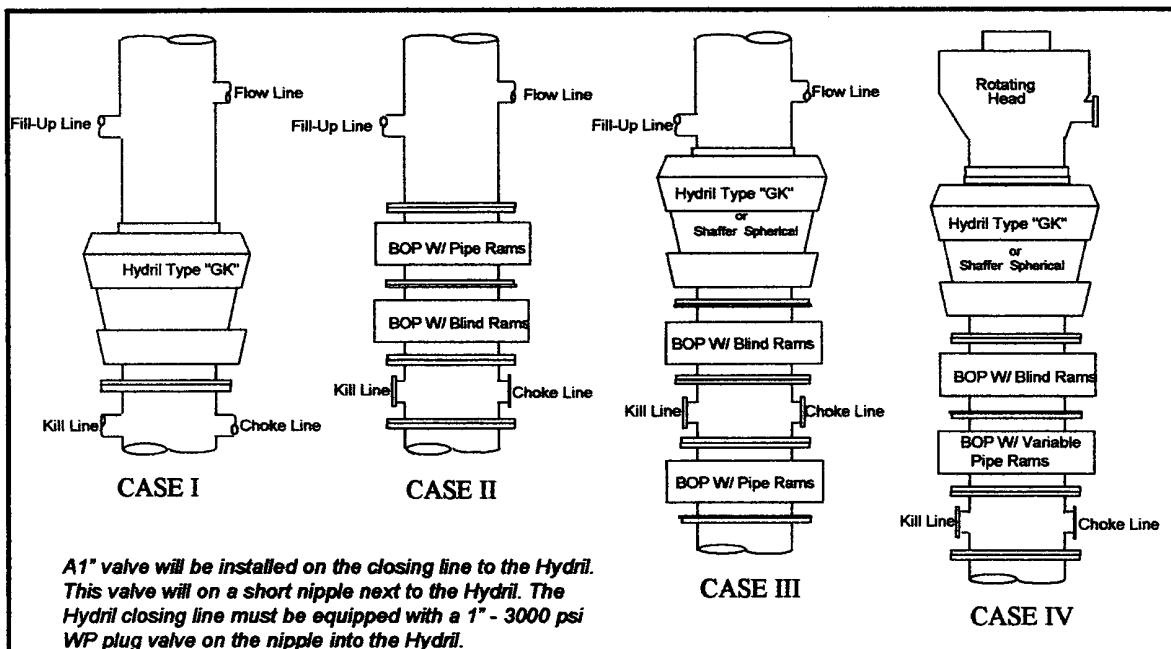
Survey Date: 06-23-2004

Scale: 1" = 2000'

Date: 06-25-2004

**NADEL & GUSSMAN
 PERMIAN, L.L.C.**

Nadel and Gussman Permian MINIMUM BLOWOUT PREVENTER REQUIREMENTS



BOP SIZE	BOP CASE	WORKING PRESSURE	CHOKE CASE
15 3/4"	III	5,000 #	A
11"	IV	10,000 #	A

***Rotating head required**

Bradenhead :
Mfr: _____
Size: _____ Type: _____

Legend

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

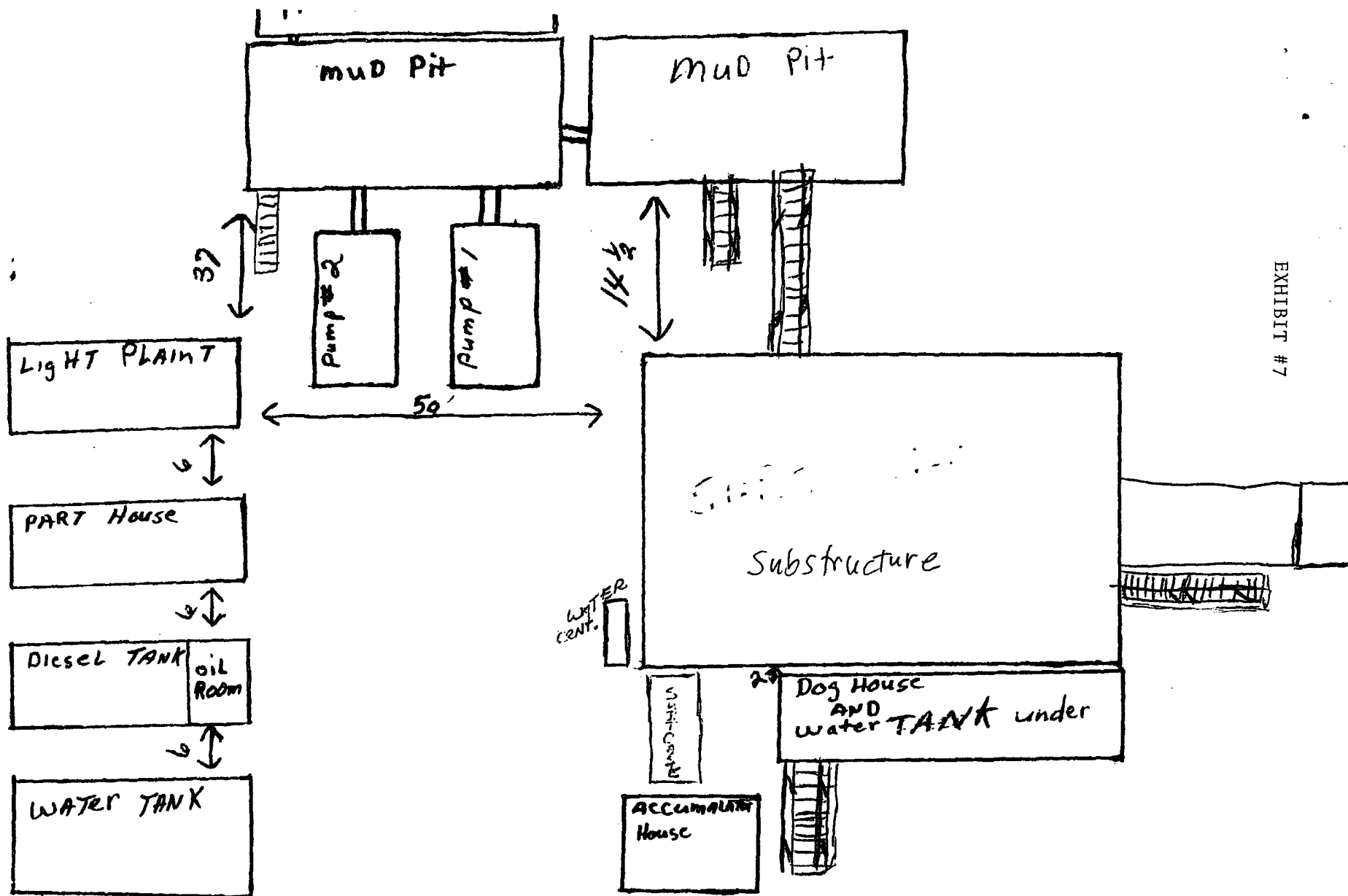


EXHIBIT #7

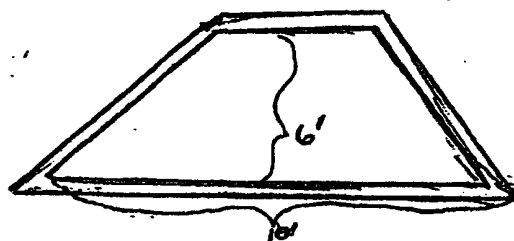
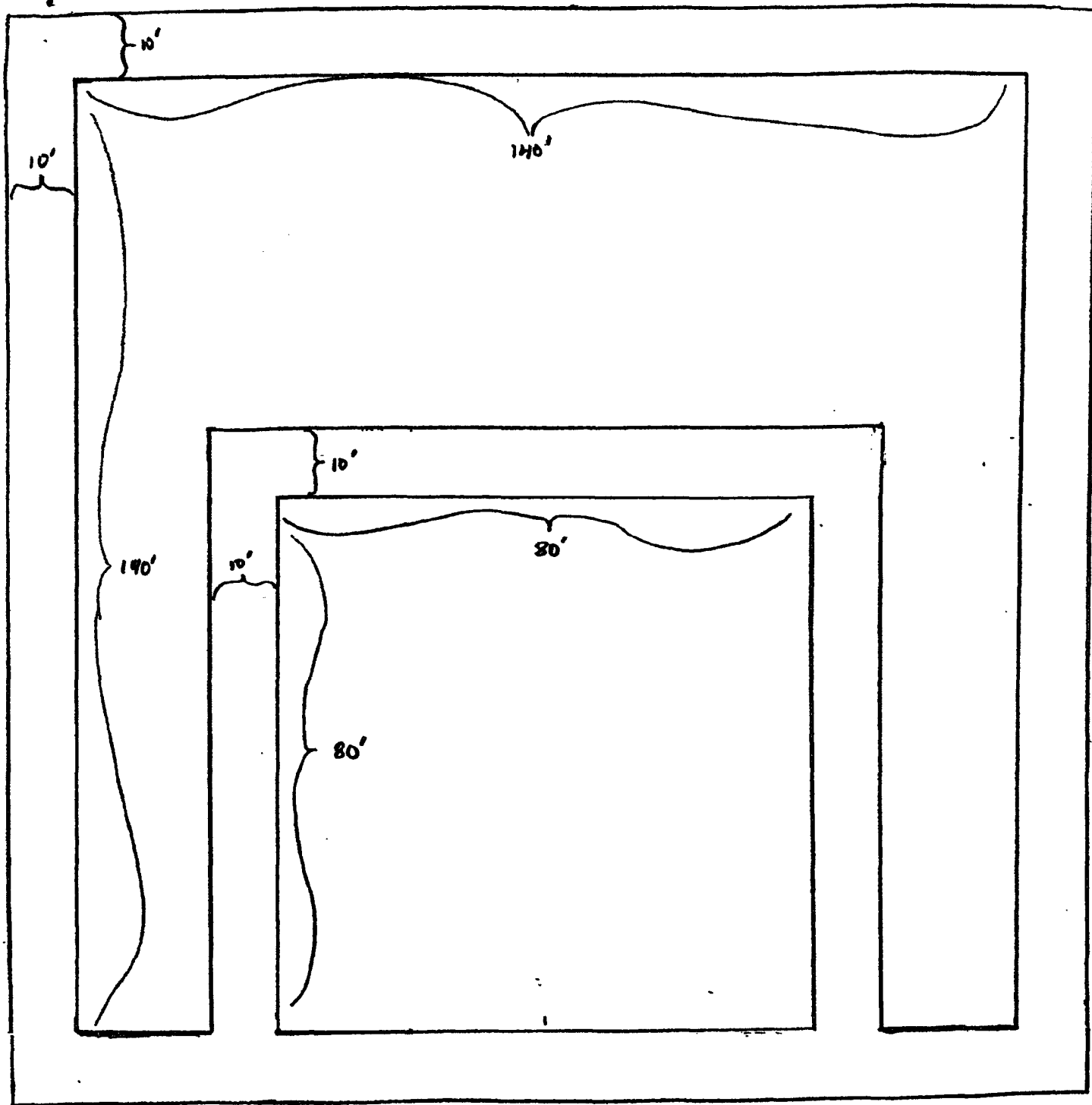


EXHIBIT #9