

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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

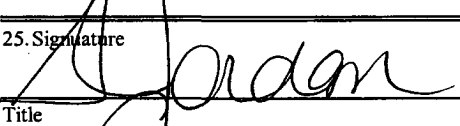
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM16104
1b. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Nearburg Producing Company 15742		7. Unit or CA Agreement Name and No. 35250
3a. Address 3300 N A St., Bldg 2, Ste 120, Midland, TX 79705	3b. Phone No. (include area code) 432/686-8235	8. Lease Name and Well No. Salt Draw 11 Federal #1
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 2590 FNL and and 330 FWL At proposed prod. zone 330 FNL and 660 FWL		9. API Well No. 30-015-34436
14. Distance in miles and direction from nearest town or post office* 21 miles SE of Carlsbad		10. Field and Pool, or Exploratory Willow Lake, SW; Delaware
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 330		11. Sec., T., R., M., or Blk. and Survey or Area Sec 11, 25S, 28E
16. No. of Acres in lease 1520.06		12. County or Parish Eddy
17. Spacing Unit dedicated to this well 80		13. State NM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 990		19. Proposed Depth 6700
20. BLM/BIA Bond No. on file NMB000153		21. Elevations (Show whether DF, KDB, RT, GL, etc.) 2918
22. Approximate date work will start* 11/1/05		23. Estimated duration 40 days

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) Sarah Jordan	Date 9-27-05
---	--------------------------------------	-----------------

Title Production Analyst	
Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara
Date NOV 17 2005	
Title ACTING 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 page 2)

5-17, 79.5

Drill Only - Verbal Approval from Santa Fe for NSL

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED

DISTRICT I  
1625 N. FRENCH DR., BOBBS, NM 86240

DISTRICT II  
1301 W. GRAND AVENUE, ARTESIA, NM 86210

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

DISTRICT IV  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised JUNE 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name	Well Number
OGRID No.	Operator Name	Elevation
015742	SALT DRAW 11 FEDERAL NEARBURG PRODUCING COMPANY	1 2918'

Surface Location

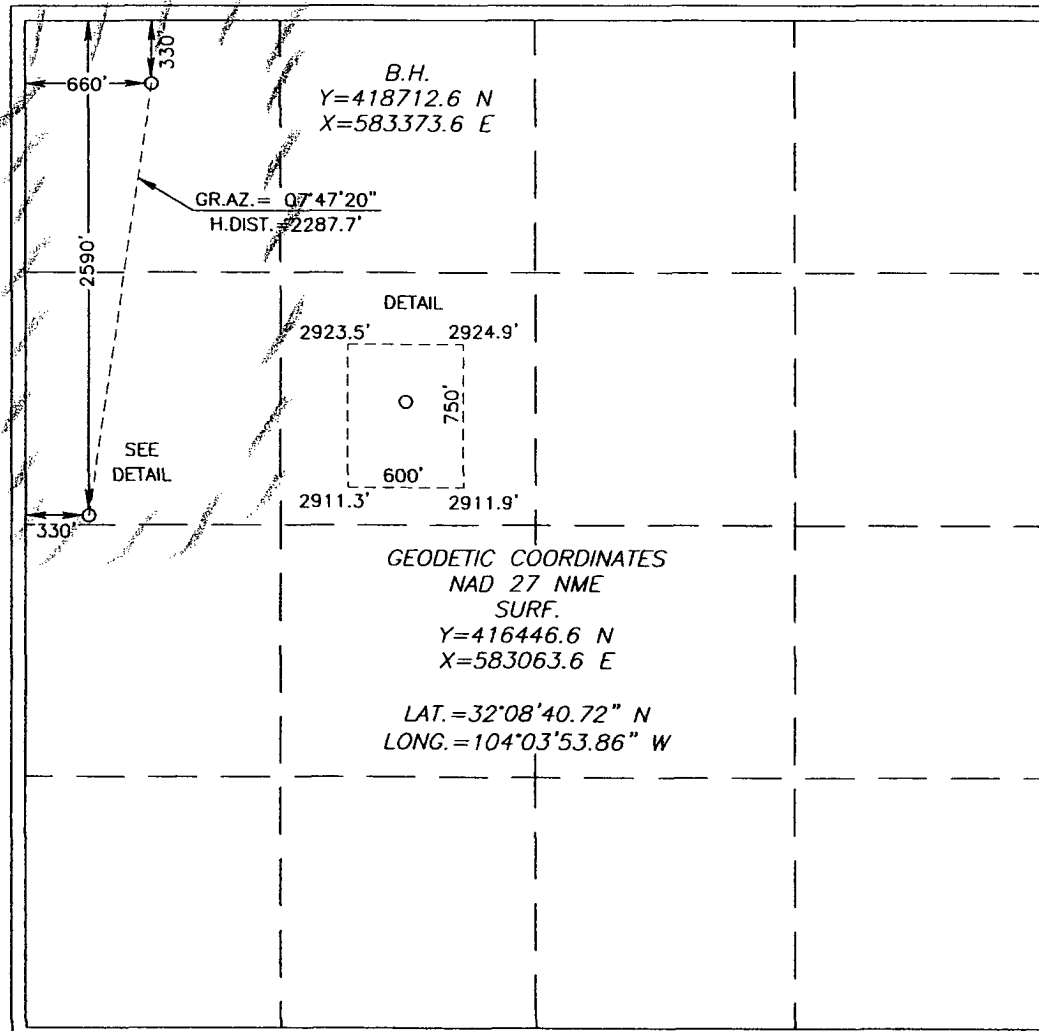
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	11	25-S	28-E		2590	NORTH	330	WEST	EDDY

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
D	11	25-S	28-E		330	NORTH	660	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
80			

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



OPERATOR CERTIFICATION

I hereby certify the the information  
contained herein is true and complete to the  
best of my knowledge and belief.

Signature  
S. Jordan  
Printed Name  
Prod. Analyst  
Title  
9.27.05  
Date

SURVEYOR CERTIFICATION

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.

SEPTEMBER 15, 2005

Date Surveyed  
Signature  
Professional Surveyor  
GARY E. EDSON  
12641  
Certificate No. GARY E. EDSON 12641

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 NMOCD 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: <u>Nearburg Producing Company</u> Telephone: <u>686-8235</u> e-mail address: <u>s.jordan@nearburg.com</u>		
Address: <u>3300 N A St., Bldg 2, Ste 120, Midland, TX 79705</u>		
Facility or well name: <u>Salt Draw 11 Fed #1</u> API #: _____ U/L or Qtr/Qtr <u>E</u> Sec <u>11</u> T <u>25S</u> R <u>28E</u>		
County: <u>Eddy</u> Latitude _____ Longitude _____ NAD: 1927 <input checked="" 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"/>		
<b>Pit</b> 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"/> Unlimited <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Volume _____ bbl	<b>Below-grade tank</b> Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. _____	<b>RECEIVED</b> <b>OCT 05 2005</b> <b>OCD-ARTESIA</b>
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 points) <b>X</b>
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) <b>X</b>
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) (0 points) <b>X</b>
<b>Ranking Score (Total Points)</b>		<b>0</b>

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

Date: \_\_\_\_\_


Printed Name/Title: Sarah Jordan, Production Analyst Signature: \_\_\_\_\_

Your certification and NMOCD 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.

Approval: **OCT 4 5 2005**

Field Supervisor

Date: \_\_\_\_\_

Printed Name/Title: \_\_\_\_\_ Signature: 

## STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Nearburg Producing Company  
3300 North "A" Street, Building 2, Suite 120  
Midland, Texas 77905

The undersigned accepts all applicable terms, conditions, stipulations and restrictions covering operations conducted on the leased land or portion thereof, as described below:

Lease No: NMNM16104

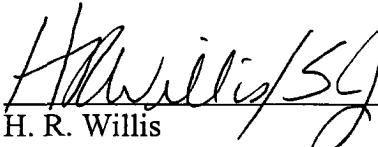
Legal Description of Land: SHL: 2590 FNL and 330 FWL  
BHL: 330 FNL and 660 FWL, Sec 11, 25S, 28E  
Eddy County, New Mexico

Formation(s) (if applicable): Delaware

Bond Coverage: \$25,000 statewide bond of Nearburg Producing Company

BLM Bond File No: NMB000153

9.27.05  
Date

  
H. R. Willis  
Drilling Manager

**ATTACHMENT TO FORM 3160-3  
SALT DRAW 11 FEDERAL #1  
SHL: 2590 FNL AND 330 FWL  
BHL: 330 FNL AND 660 FWL, SEC 11, 25S, 28E  
EDDY COUNTY, NEW MEXICO**

**DRILLING PROGRAM**

**1. GEOLOGIC NAME OF SURFACE FORMATION**

Quaternary Alluvium/ Permian Ochoan

**2. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS**

Delaware	2550
Cherry Canyon	3400

**3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL, OR GAS**

Cherry Canyon Sand 4900

**4. CASING AND CEMENTING PROGRAM**

<u>Casing Size</u>	<u>From</u>	<u>To</u>	<u>Weight</u>	<u>Grade</u>	<u>Joint</u>
8-5/8"	0'	850'	32#	K55	STC
5-1/2"	0'	6700'	17#	N80	LTC

Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability.

We plan to drill a 12-1/4" hole to equal 850'. 8-5/8" casing will be cemented with 800 sxs Class "C" or volume necessary to bring cement back to surface.

7-7/8" hole will be drilled to 6700' and 5-1/2" production casing will be cemented with approximately 1000 sxs of Class "C" cement circulated to surface.

## **SALT DRAW 11 FEDERAL #1**

### **Page 2**

#### **5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL**

The BOP stack will consist of a 3,000 psi working pressure, dual ram type preventer and annular.

A BOP sketch is attached.

#### **6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM**

Spud and drill to 850' with fresh water mud for surface string. The production section from 850' to 6700' will be 10.0 ppg Brine Water system with mud weight sufficient to control formation pressures.

#### **7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT**

None required.

#### **8. LOGGING, TESTING, AND CORING PROGRAM**

DLL/CNL/LDT/CAL/GR logging is planned. Drill stem tests, cores and sidewall cores are possible.

#### **9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES & POTENTIAL HAZARDS**

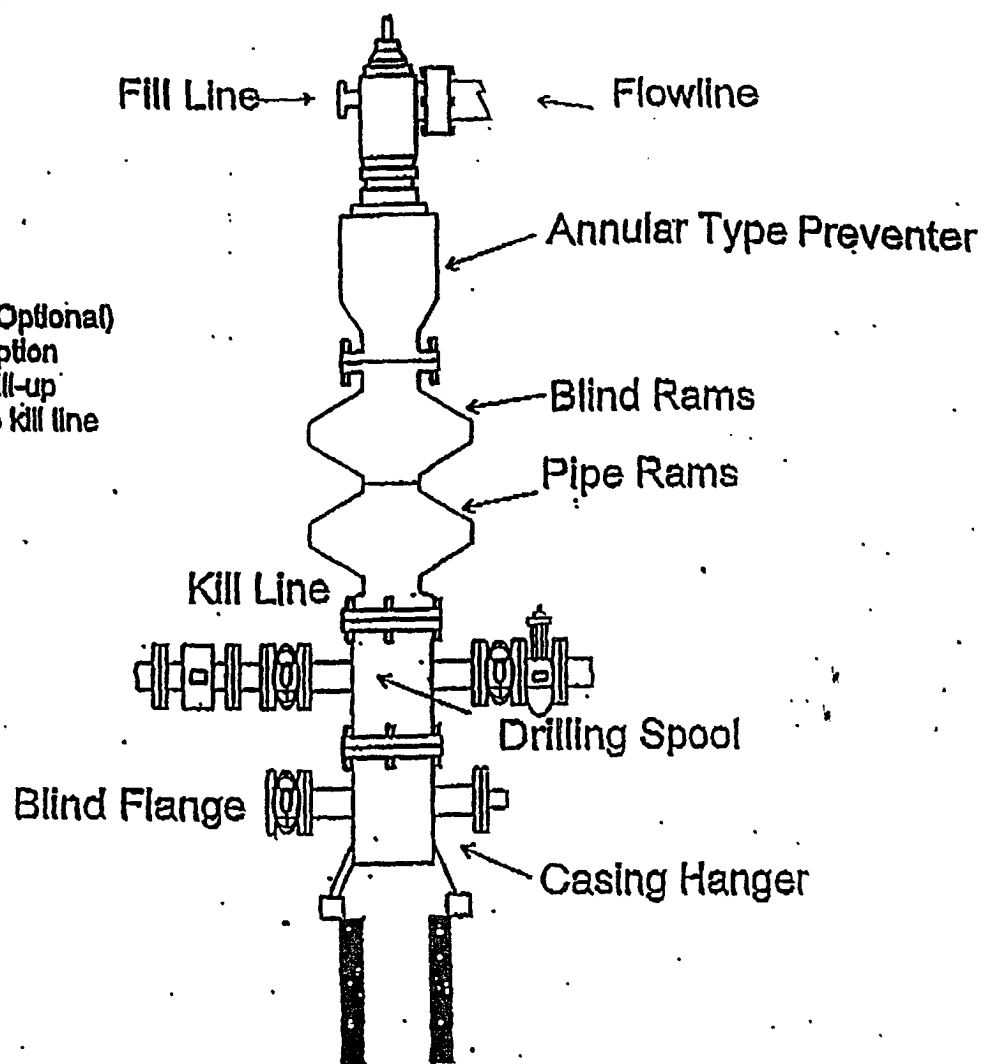
None anticipated.

BHP expected to be 1,100 psi.

#### **10. ANTICIPATED STARTING DATE:**

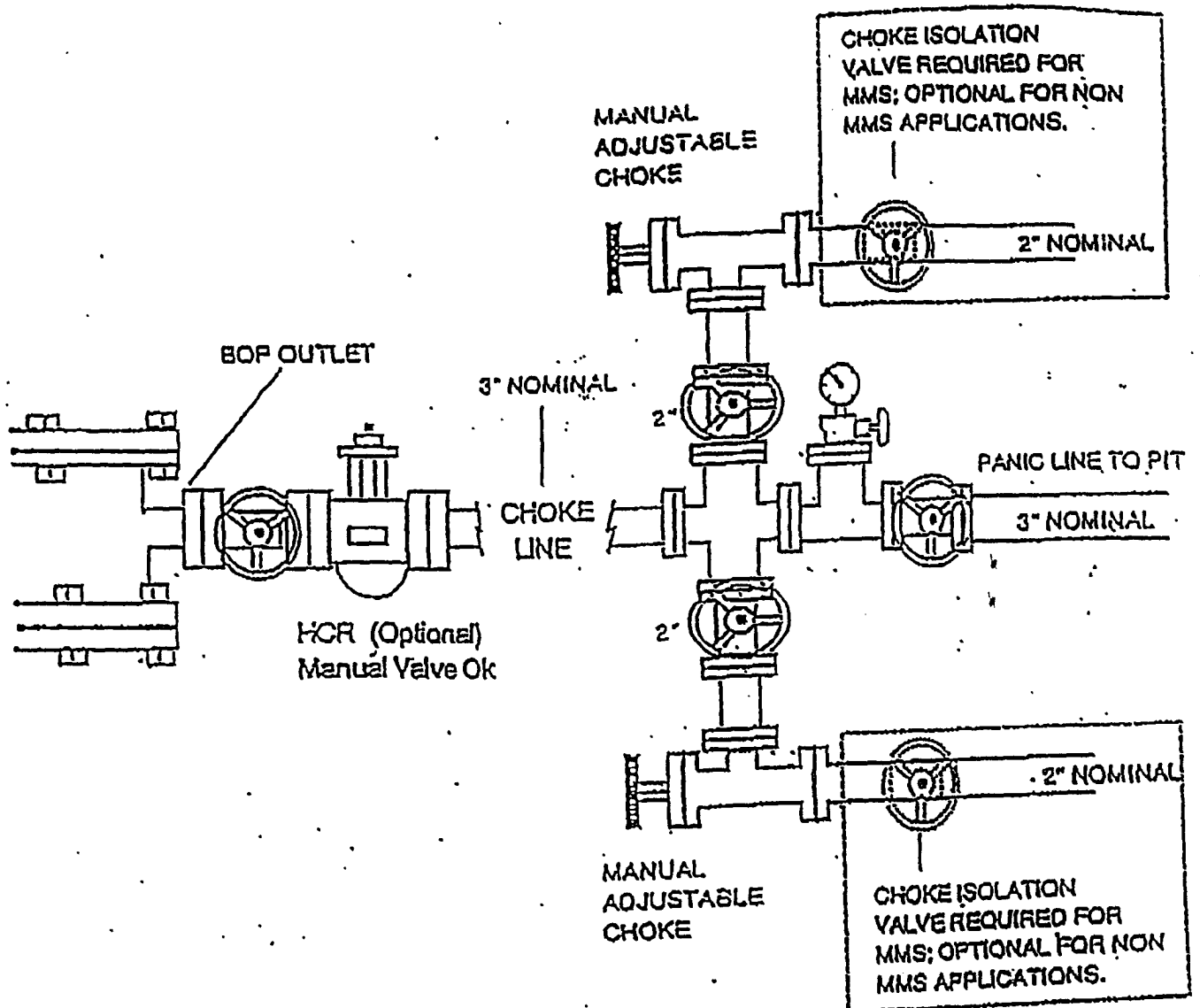
Is planned that operations will commence on November 1, 2005 with drilling and completion operation lasting about 40 days.

Rotating Head (Optional)  
Drilling Nipple option  
must include a fill-up  
line. Do not use kill line  
for fill up.



1500 Series

# CHOKE MANIFOLD 5M SERVICE





**SALT DRAW 11 FEDERAL #1**

**Page 4**

C. Flora and Fauna

The location is in an area sparsely covered with mesquite and range grasses.

D. Ponds and Streams

There are no rivers, lakes, ponds, or streams in the area.

E. Residences and Other Structures

There are no residences within a mile of the proposed well site.

F. Archaeological, Historical, and Cultural Sites

None observed on this area.

G. Land Use

Grazing

H. Surface Ownership

Bureau of Land Management (USA)

11. OPERATOR'S REPRESENTATIVE

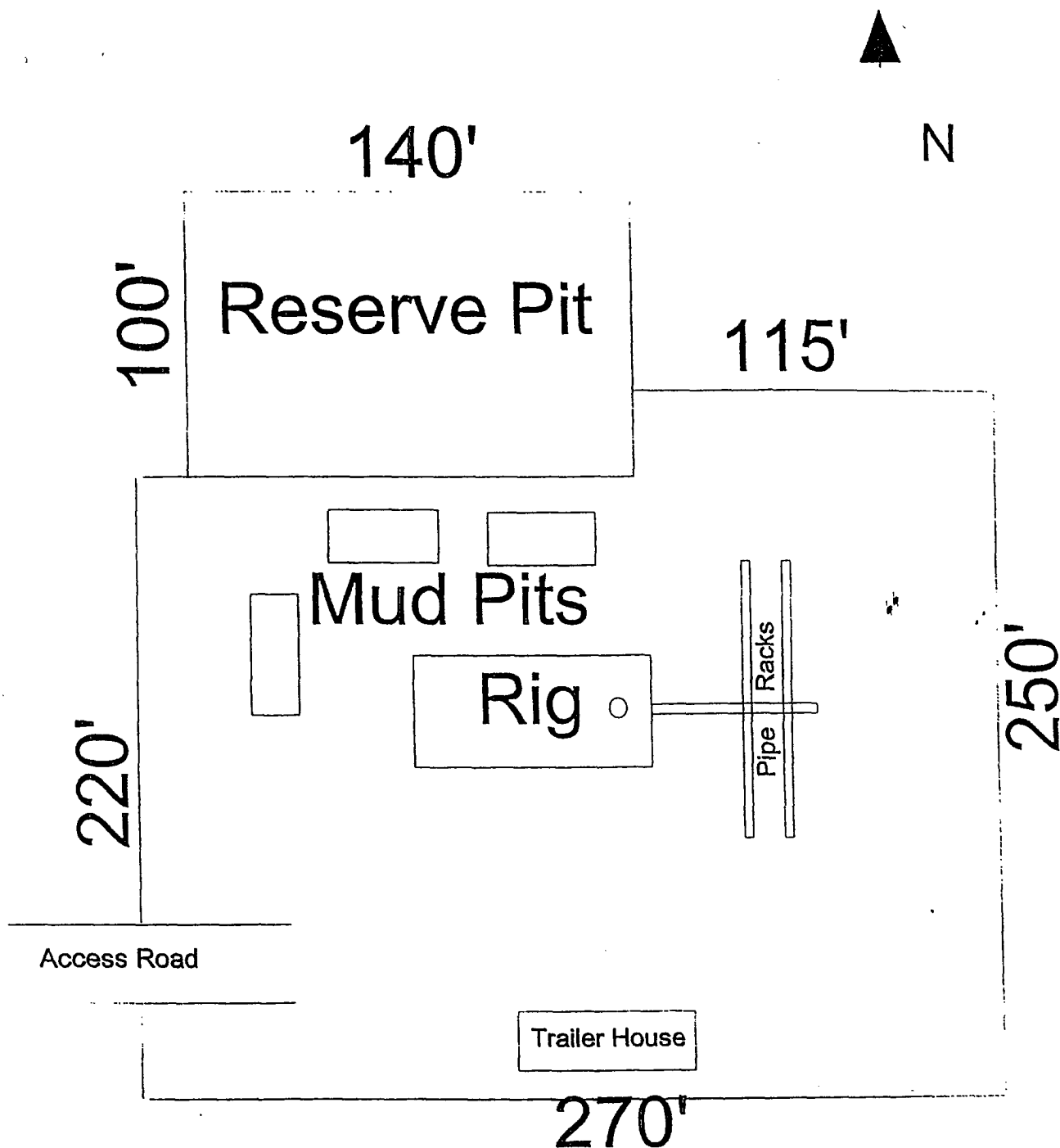
H. R. Willis  
3300 North "A" Street, Bldg 2, Suite 120  
Midland, Texas 79705  
Office: (432) 686-8235  
Home: (432) 697-2484

12. CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; 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 Nearburg Producing Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

9-27-05  
Date

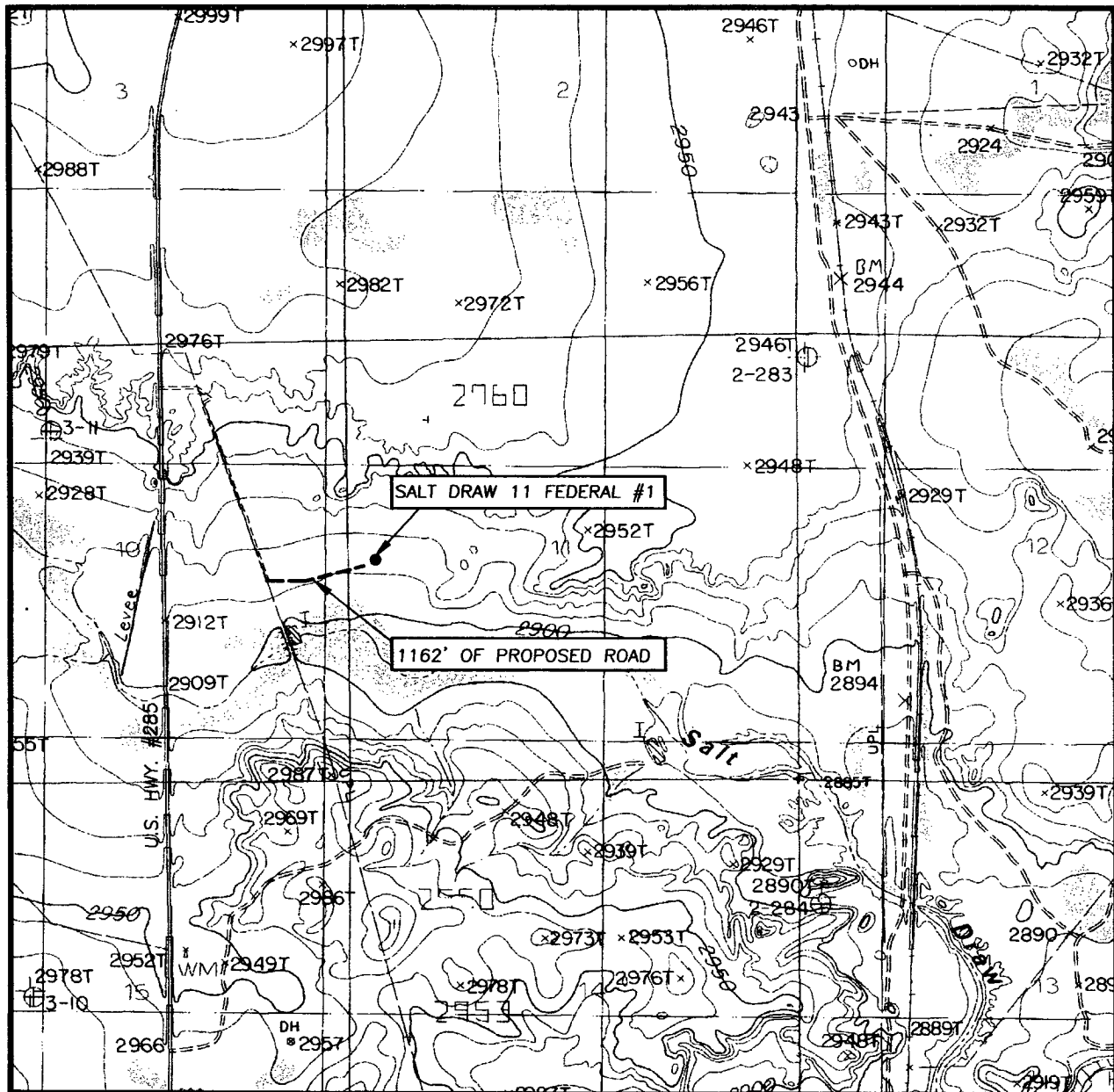
H. R. Willis/SG  
H. R. Willis  
Drilling Manager



**EXHIBIT B  
DRILLING RIG LAYOUT  
NEARBURG PRODUCING COMPANY**

**SCALE 1" = 50'**

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
MALAGA, N.M. - 10'

SEC. 11 TWP. 25-S RGE. 28-E

SURVEY N.M.P.M.

COUNTY EDDY

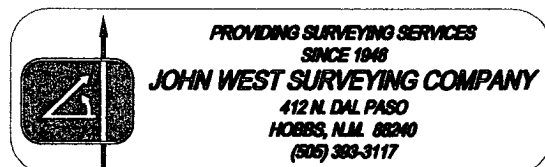
DESCRIPTION 2590' FNL & 330' FWL

ELEVATION 2918'

NEARBURG  
OPERATOR PRODUCING COMPANY

LEASE SALT DRAW 11 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP  
MALAGA, N.M.



# SECTION 11, TOWNSHIP 25 SOUTH, RANGE 28 EAST, N.M.P.M.,

EDDY COUNTY,

600'

NEW MEXICO

2923.5'

2924.9'

150' NORTH  
OFFSET  
2921.3'



150' WEST  
OFFSET □  
2917.8'

**SALT DRAW 11 FEDERAL #1**

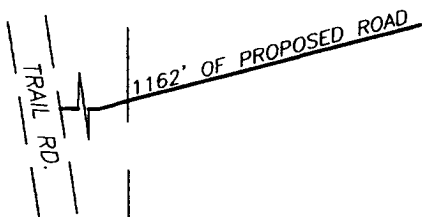


150' EAST  
□ OFFSET  
2918.8'

**ELEV. 2918.1'**  
**LAT. = 32°08'40.72" N**  
**LONG. = 104°03'53.86" W**

750'

750'



150' SOUTH  
OFFSET  
2915.4'

2911.3'

2911.9'

DIRECTIONS TO LOCATION

600'

100

0

100

200 Feet



Scale: 1" = 100'

FROM MALAGA N.M., GO SOUTH ON U.S. HWY. 285 FOR APPROX. 5.1 MILES TO A CALICHE ROAD ON THE LEFT. TURN LEFT (EAST) AND GO APPROX. 500' TO A EL PASO P/L TRAIL ROAD. TURN RIGHT (SE) AND GO APPROX. 0.5 MILES TO A PROPOSED ROAD SURVEY. FOLLOW PROPOSED ROAD SURVEY NE APPROX. 1200' TO THIS LOCATION.



PROVIDING SURVEYING SERVICES  
SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
412 N. DAL PASO  
HOBBS, N.M. 88240  
(505) 393-3117

## NEARBURG PRODUCING COMPANY

SALT DRAW 11 FEDERAL #1 WELL  
LOCATED 2590 FEET FROM THE NORTH LINE  
AND 330 FEET FROM THE WEST LINE OF SECTION 11,  
TOWNSHIP 25 SOUTH, RANGE 28 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.

Survey Date: 09/15/05 Sheet 1 of 1 Sheets

W.O. Number: 05.11.1441 Dr By: J.R. Rev 1:

Date: 09/21/05 Disk: CD#5 05111441 Scale: 1" = 100'

**HYDROGEN SULFIDE DRILLING OPERATIONS PLANS  
NEARBURG PRODUCING COMPANY  
SALT DRAW 11 FEDERAL #1**

**1. HYDROGEN SULFIDE TRAINING**

- A. All regularly assigned personnel, contracted or employed by Nearburg Producing Company, will receive training from a qualified instructor in the following areas prior to commencing drilling potential hydrogen sulfide bearing formations in this well:
  - 1. The hazards and characteristics of hydrogen sulfide (H<sub>2</sub>S).
  - 2. The proper use and maintenance of personal protective equipment and life support systems.
  - 3. The proper use of H<sub>2</sub>S detectors, alarms, warning systems, briefing areas, evacuation procedures and prevailing winds.
  - 4. The proper techniques for first aid and rescue procedures.
- B. In addition, supervisory personnel will be trained in the following areas:
  - 1. The effects of H<sub>2</sub>S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
  - 2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
  - 3. The contents and requirements of the H<sub>2</sub>S Drilling Operations Plan.
- C. There will be an initial training session just prior to encountering a known or probable H<sub>2</sub>S zone (within 3 days or 500 feet) and weekly H<sub>2</sub>S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H<sub>2</sub>S Drilling Operations Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

## **HYDROGEN SULFIDE DRILLING OPERATIONS PLANS**

### **PAGE 2**

#### **2. H2S SAFETY EQUIPMENT AND SYSTEMS**

Note: All H2S safety equipment and systems will be installed, tested and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H2S.

##### **A. Well Control Equipment:**

1. Flare line with continuous pilot.
2. Choke manifold with a minimum of one remote choke.
3. Blind rams and pipe rams to accommodate all sizes with properly sized closing unit.
4. Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head and flare gun with flares as needed.

##### **B. Protective Equipment for Essential Personnel:**

Mark II Surviveair 30-minute units located in the dog house and at briefing areas, as indicated on well site diagram.

##### **C. H2S Detection and Monitoring Equipment:**

1. Two portable H2S monitors positioned and location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 ppm are reached.
2. One portable SO2 monitor positioned near flare line.

##### **D. Visual Warning systems:**

1. Wind direction indicators as shown on well site diagram.
2. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used when appropriate. See example attached.

## **HYDROGEN SULFIDE DRILLING OPERATIONS PLANS**

### **PAGE 3**

#### **E. Mud Program**

1. The Mud Program has been designed to minimize the volume of H<sub>2</sub>S circulated to the surface. Proper mud weights, safe drilling practices and the use of H<sub>2</sub>S scavengers will minimize hazards when penetrating H<sub>2</sub>S bearing zones.
2. A mud-gas separator will be utilized as needed.

#### **F. Metallurgy**

All drill strings, casing, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and line and valves shall be suitable for H<sub>2</sub>S service.

#### **G. Communication**

1. Cellular telephone communications in company vehicles and mud logging trailer.
2. Land line (telephone) communications at area office.

#### **H. Well Testing**

Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safely and adequately conduct the test. The drill stem testing in an H<sub>2</sub>S environment will be conducted during the daylight hours.

## CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 1 - SALT DRAW 11 FEDERAL  
Operator's Name: NEARBURG PRODUCING COMPANY  
Location: 2590' FNL & 330' FWL - SEC 11 - T25S - R28E - EDDY COUNTY (SHL)  
330' FNL & 660' FWL - SEC 11 - T25S - R28E - EDDY COUNTY (BHL)  
Lease: NM-16104

### I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5909 or (505) 361-2822 (After hours) - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:
  - A. Spudding
  - B. Cementing casing: 8-5/8 inch 5-1/2 inch
  - C. BOP tests
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. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.
4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

### II. CASING:

1. The 8-5/8 inch surface casing shall be set at 850 feet, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
2. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall extend upward a minimum of 500 feet above the uppermost hydrocarbon bearing interval.

### III. PRESSURE CONTROL:

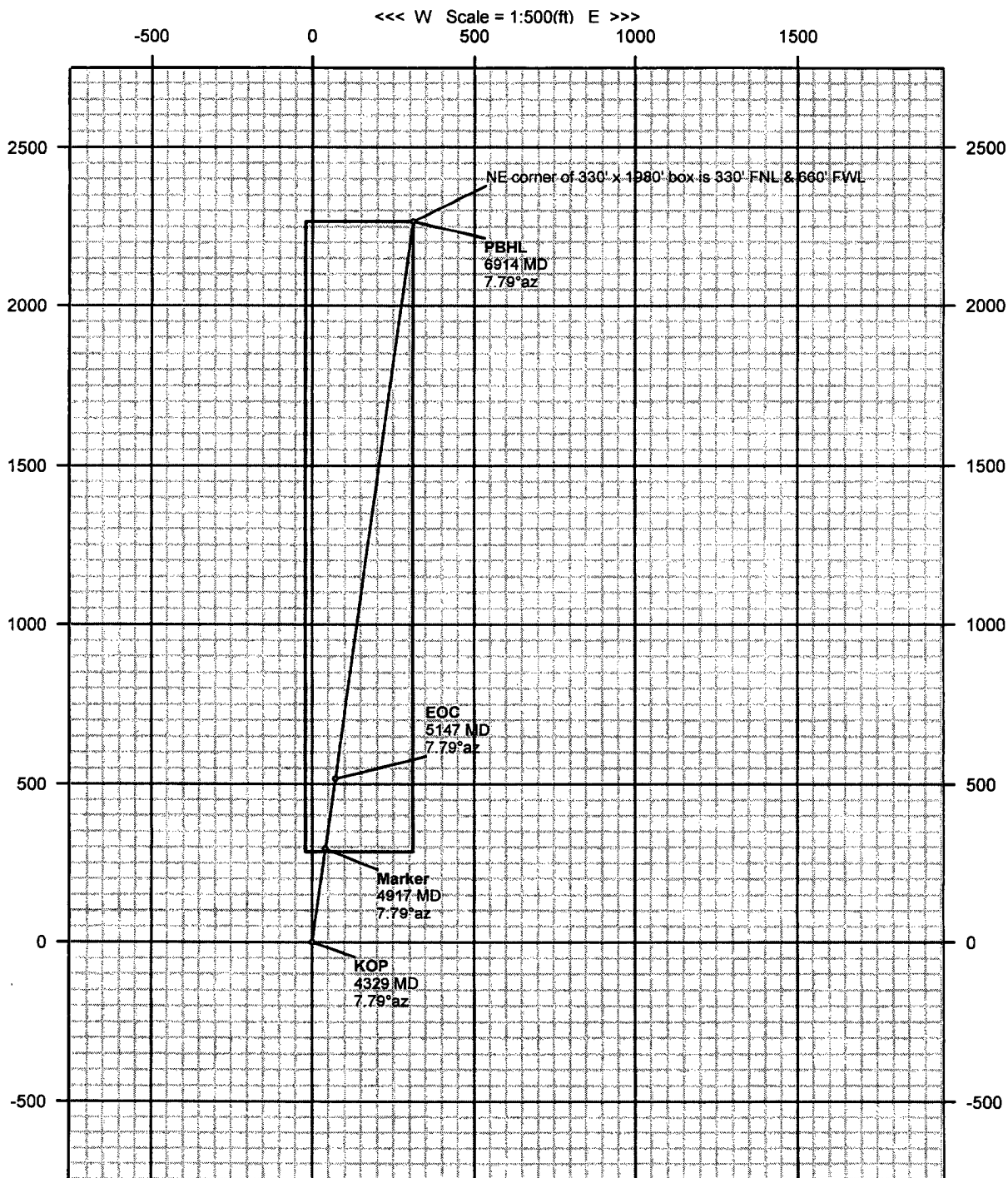
1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 8-5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) is 2000 psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
  - The tests shall be done by an independent service company.
  - The results of the test shall be reported to the appropriate BLM office.
  - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
  - Testing must be done in a safe workman-like manner. Hard line connections shall be required.



## Salt Draw 11 Fed #1

# Nearburg Producing Company

WELL	Salt Draw 11 Fed #1	FIELD	Eddy County, NM	STRUCTURE	Salt Draw 11 Fed #1
Magnetic Parameters Model: IGRF 2005		Surface Location Lat: N32 8 40.718 Lon: W104 3 53.856		Miscellaneous Sheet: Salt Draw 11 Fed #1 Plan: Salt Draw 11 Fed #1 .r1	
Dip: 80.183° Mag Dec: +8.467°		Date: October 07, 2005 FS: 49119.2 nT		TVD Ref: RKB (0.00 R above) Srvy Date: Fri 10:30 AM October 07, 2005	
		RAD27 New Mexico State Plane, Eastern Zone, US Feet Northing: 418448.80 RUS Easting: 563063.80 RUS Scale Fact: 0.9999169931			



# Proposal

<b>Report Date:</b> October 7, 2005 <b>Client:</b> Nearburg Producing Company <b>Field:</b> Eddy County, NM <b>Structure / Slot:</b> Salt Draw 11 Fed #1 / Salt Draw 11 Fed #1 <b>Well:</b> Salt Draw 11 Fed #1 <b>Borehole:</b> Salt Draw 11 Fed #1 <b>UWI/API#:</b> <b>Survey Name / Date:</b> Salt Draw 11 Fed #1_r1 / October 7, 2005 <b>Tort / AHD / DDI / ERD ratio:</b> 90.000° / 2287.30 ft / 5.468 / 0.472 <b>Grid Coordinate System:</b> NAD27 New Mexico State Planes, Eastern Zone US Feet <b>Location Lat/Long:</b> N 32 8 40.718, W 104 3 53.856 <b>Location Grid N/E Y/X:</b> N 416446.600ftUS, E 583063.600 ftUS <b>Grid Convergence Angle:</b> +0.14279111° <b>Grid Scale Factor:</b> 0.99991699	<b>Survey / DLS Computation Method:</b> Minimum Curvature / Lubinski <b>Vertical Section Azimuth:</b> 7.790° <b>Vertical Section Origin:</b> N 0.000 ft, E 0.000 ft <b>TVD Reference Datum:</b> RKB <b>TVD Reference Elevation:</b> 0.0 ft relative to <b>Sea Bed / Ground Level Elevation:</b> 0.000 ft relative to <b>Magnetic Declination:</b> 8.467° <b>Total Field Strength:</b> 49119.232 nT <b>Magnetic Dip:</b> 60.163° <b>Declination Date:</b> October 07, 2005 <b>Magnetic Declination Model:</b> IGRF 2005 <b>North Reference:</b> Grid North <b>Total Corr Mag North -&gt; Grid North:</b> +8.324° <b>Local Coordinates Referenced To:</b> Well Head
--	--

Comments	Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	Vertical Section (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (deg)	DLS (deg/100 ft)	Tool Face (deg)
Tie-In	0.00	0.00	7.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.79M
KOP	4329.13	0.00	7.79	4329.13	0.00	0.00	0.00	0.00	0.00	0.00	7.79M
	4400.00	7.80	7.79	4399.78	4.81	4.77	0.65	4.81	7.79	11.00	0.00G
	4500.00	18.80	7.79	4496.95	27.78	27.52	3.76	27.78	7.79	11.00	0.00G
	4600.00	29.80	7.79	4587.96	68.86	68.22	9.33	68.86	7.79	11.00	0.00G
	4700.00	40.80	7.79	4669.45	126.55	125.38	17.15	126.55	7.79	11.00	0.00G
	4800.00	51.80	7.79	4738.44	198.73	196.90	26.94	198.73	7.79	11.00	0.00G
	4900.00	62.80	7.79	4792.38	282.75	280.14	38.32	282.75	7.79	11.00	0.00G
Marker	4917.23	64.69	7.79	4800.00	298.20	295.45	40.42	298.20	7.79	11.00	7.79G
	5000.00	73.80	7.79	4829.31	375.52	372.05	50.90	375.52	7.79	11.00	0.00G
	5100.00	84.80	7.79	4847.85	473.62	469.25	64.20	473.62	7.79	11.00	0.00G
EOC	5147.31	90.00	7.79	4850.00	520.87	516.06	70.60	520.87	7.79	11.00	0.00G
PBHL	6913.74	90.00	7.79	4850.00	2287.30	2266.19	310.03	2287.30	7.79	0.00	0.00G

**Nearburg Producing Company**

Exploration and Production  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705  
432/686-8235  
FAX: 432/686-7806

September 27, 2005

NM Oil Conservation Division  
1301 W. Grand Ave  
Artesia, NM 88210

RECEIVED  
OCT 05 2005  
OCD-ARTESIA

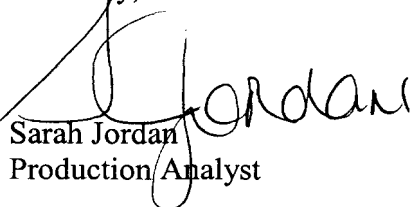
Ref: Salt Draw 11 Federal #1  
2590 FNL and 330 FWL  
Sec 11, 25S, 28E  
Eddy County, New Mexico

Sirs:

This is a new drill to the Delaware formation. We do not anticipate encountering H2S and fill no contingency plan is needed. Nearburg will have proper equipment on location in case H2S is encountered.

If you have any questions or need further information, please call me at the letterhead number.

Sincerely,

  
Sarah Jordan  
Production Analyst

/sj