

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☐GAS
WELL ☒

OTHER

SINGLE
ZONE ☐MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Nadel and Gussman Permian, L.L.C.

OGRID #155615

3. ADDRESS AND TELEPHONE NO.

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface 1320' FEL, 660' FNL Burton > 1240' 3 SW

At proposed prod. zone

Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

1.5 miles Northeast of Carlsbad, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT
(Also to nearest drg. unit line, if any)

660'

16. NO. OF ACRES IN LEASE

320

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

3232'

19. PROPOSED DEPTH

12,000

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3232' GR

CARLSBAD CONTROLLED WATER BASIN

22. APPROX. DATE WORK WILL START*

10/01/03

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
WITNESS 17 1/2"	13 3/8"/H-40	48#	400'	WITNESS 450 sx, circ. to surface
12 1/4"	9 5/8"/N80	40#	3100'	750 sx, TOC inside 13 3/8"
8 3/4"	5 1/2"/P110	17#	12000'	1000 sx, TOC @ +/- 8000'

The operator proposes to drill to a depth sufficient to test the morrow formation. If productive, 5 1/2" casing will be set and cemented to approximately 8000'. If non-commercial, the well will be plugged in accordance with federal regulations.

May set a DV tool to cement Delaware if prospective.

Attachments:

WITNESS 13 3/8" and 9 5/8" cmt JOBS

1. Surface use and drilling plan
2. BOP and choke schematics
3. Lease, road, and topographical maps
4. Certified location plat

7/18/03 - DISCUSSED SETTING
INTERMEDIATE CASING AT TOP OF
DELAWARE WITH JOEL MARTIN @
NADEL & GUSSMAN - L.BABYAK

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED**

IN ABOVE SPACE DESCRIBE PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

TITLE Engineering Manager

DATE

6/20/03

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

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:

/s/ Joe G. Lara

ACTING

FIELD MANAGER

APPROVED BY

TITLE

DATE

30 JUL 2003

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, 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.

APPROVAL FOR 1 YEAR

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

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 <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM-0354232
2. Name of Operator NADOL and Gussman Perman, LLC OGRID# 155615		6. If Indian, Allottee or Tribe Name
3a. Address 601 N. MARIENTFELD, Suite 508 MIDLAND TX	3b. Phone No. (include area code) 915-6824429	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) LOT A 660' FNL 1300' FEL SEC 28 T21S R27 Eddy Co NM		8. Well Name and No. Domino Federal #1
		9. API Well No.
		10. Field and Pool, or Exploratory Area BURTON FLAT
		11. County or Parish, State Eddy, 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 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 type="checkbox"/> Other Re Survey
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	move well bore
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	150' to West

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 site is ready for final inspection.)

The original well stake (660' FNL + 1150' FEL) had to be moved 150' to the west due to an Archeological site found in close proximity to the well bore as proposed. Terry Asch staked re surveyed the well (660' FNL & 1300' FEL). (See attached survey plat.)

RECEIVED
BUREAU OF LAND MGMT.
CARLSBAD FIELD OFFICE
JUL 24 AM 3 20

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) GORDON BARKER	Title Drilling Supervisor
Signature <i>Gordon Barker</i>	Date 7/24/03

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /s/ Joe G. Lara	Title FIELD MANAGER	Date 30 JUL 2003
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, 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.

07/30/2003 05:27

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ELM L E

PAGE 02/02

District I

1626 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rin Breton Rd., Aztec, NM 87410

District IV

1220 E. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number		Pool Code	Pool Name
Property Code	Property Name DOMINO FEDERAL		Well Number 1
DGRID No.	Operator Name NADEL & GUSSMAN PERMIAN, LLC		Elevation 3230.5'

III Surface Location

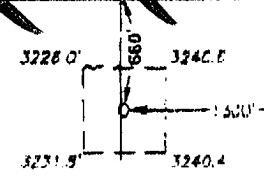
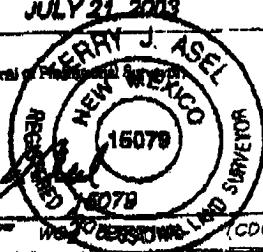
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	28	21	27		660	NORTH	1900	EAST	EDDY

II 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	Joint or In/Pr	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

16 GEODEIC COORDINATES NAD 83 NME LAT. = 32°27'23.04" N LONG. = 104°11'25.94" W		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Gordon Barker</i> Signature GORDON BARKER Printed Name Drilling Supervisor Title and E-mail Address gordonb@haguss.com Date 7/28/03
		18 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. JULY 21 2003 Date of Survey <i>Terry J. Asel</i> Signature and Seal of Registered Surveyor  Certificate Number 15079 (CDG)

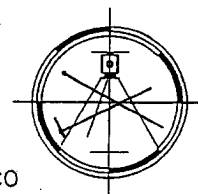
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2003 JUL 24 PM 3:20
CARLSBAD FIELD OFFICE
BUREAU OF LAND MANAGEMENT



CONTOUR INTERVAL - 10'

CARLSBAD EAST, NM

P.O. BOX 393, HOBBS, NEW MEXICO



- Dwellings – There are no houses within 2000 feet of the location.

- Archeological Summary:

Drilling location is covered under BLM Report No. 90-NM-067388.

Road is covered under attached Class III archeological survey.

The report was negative, and the cultural resource use permit holder recommends clearance for this operation.

10. Operator's Representative -


Gordon Barker - -----Mobile Phone (432) 238-1269

Joel Martin -----Office Phone (432) 682-4429
Home Phone (432) 694-2569

Ernie Little -----Home Phone (505) 392-4907
Mobile Phone (505) 390-9472

12. Other facets: none

13. 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



Joel Martin
Engineering Manager

13 Point Drilling Plan:

1. Location: 660' FNL, 1150' FEL, Sec. 28, T-21-S, R-27-E, Eddy County, New Mexico (**Form C-102**)
2. Elevation: 3232' GL
3. Geological Name of Surface Formation: Quaternary Rock
4. Type of Drilling Tools to be utilized: Rotary Tools
5. Proposed Drilling Depth: 12,000'

6. Tops of Important Geological Markers:

Delaware	2,400'	Pennsylvanian	9,950'	Morrow	10,900'
Bone Springs	5,150'	Strawn	10,450'	Morrow clastics	11,150'
3 rd Bone Springs	8,300'	Atoka	10,600'	Lower Morrow	11,400'

7. Estimated Depth of Anticipated Water, Oil or Gas:

Oil and water	- Delaware	2,400'
Gas	- Strawn	10,450'
Gas	- Morrow	11,150'

8. Casing Program:

- 13 3/8" 48# H-40 @ 400' 450 sx, circulated to surface
- 9 5/8" 40# N80 @ 3100' 750 sx, TOC inside surface csg
- 5 1/2" 17# P110 @ 12,000' 1000 sx, TOC @ ~8000'
-

The surface and intermediate casing strings will be cemented to the surface. The TOC on the intermediate string will be inside the 13 3/8" casing. The TOC behind the production casing will be determined after running open hole logs.

9. Specifications for Pressure Control Equipment: (see figures No. 6, No. 7 & No. 8)

This rig will have a series 900 BOP with 5 1/2" pipe rams and blind rams, kill line, choke manifold, Koomey 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 to a depth of approx. 400'. Drill out from under surface casing with fresh water. Control lost circulation with paper and LCM pills. Drill out from under the intermediate casing and drill to 8700' with fresh water while maintaining a Ph of 10. Drill from 8,700' to TD with cut brine at approximately 9.2 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 intermediate hole section; GR neutron to surface.

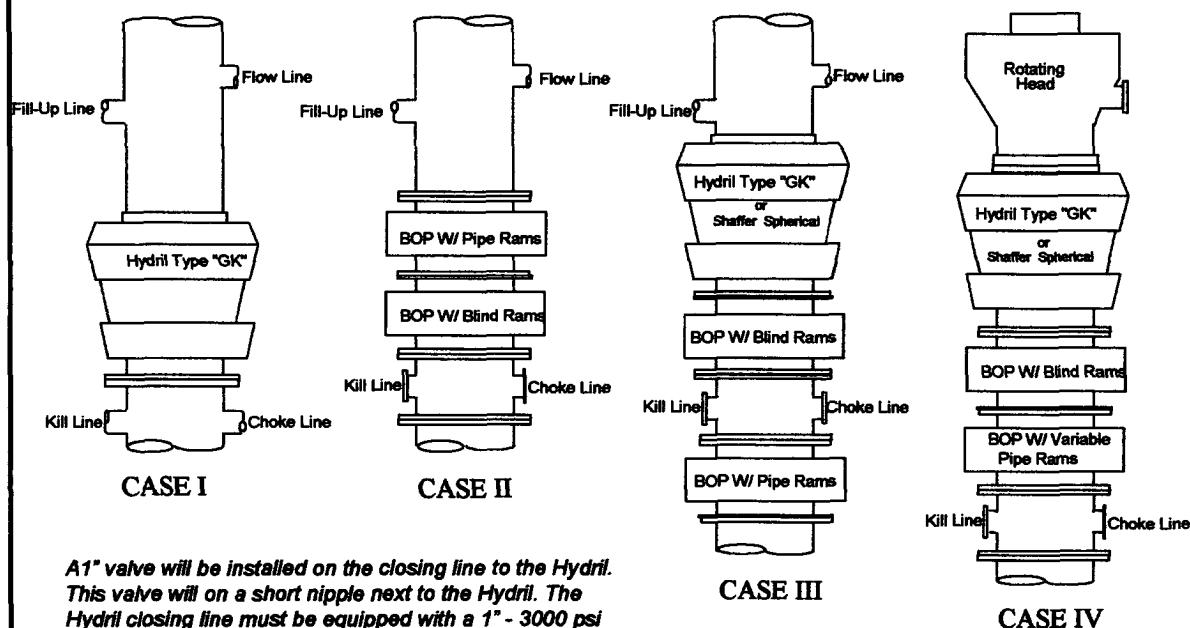
12. Potential Hazards:

None significant. Lost circulation may occur, but H₂S should not be present.

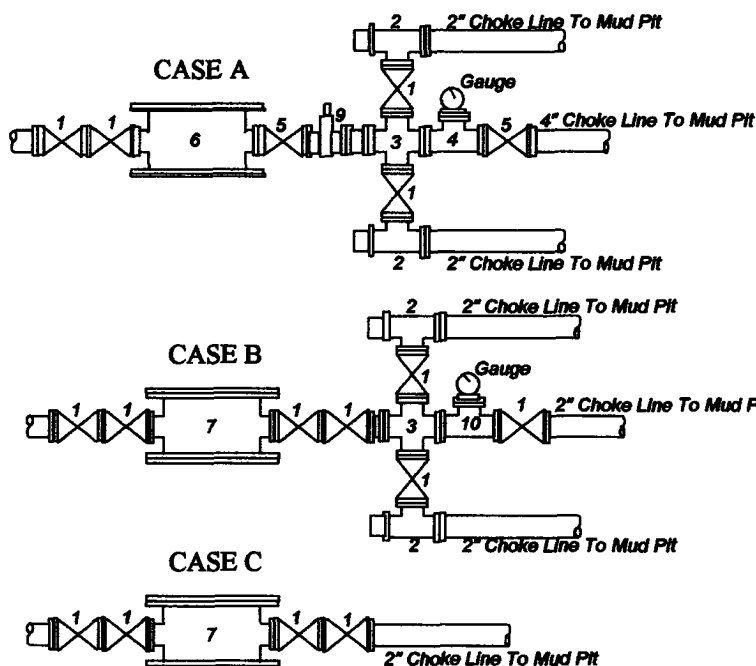
13. Anticipated starting date & duration:

Plans are to begin drilling operations about October 1, 2003; approximately 40 days will be required to drill the well and 8 days will be needed for the completion.

MINIMUM BLOWOUT PREVENTER REQUIREMENTS



A1" valve will be installed on the closing line to the Hydril. This valve will be on a short nipple next to the Hydril. The Hydril closing line must be equipped with a 1" - 3000 psi WP plug valve on the nipple into the Hydril.



BOP SIZE	BOP CASE	WORKING PRESSURE	CHOKE CASE
13-5/8	III	3000	A
11"	IV	5000	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.

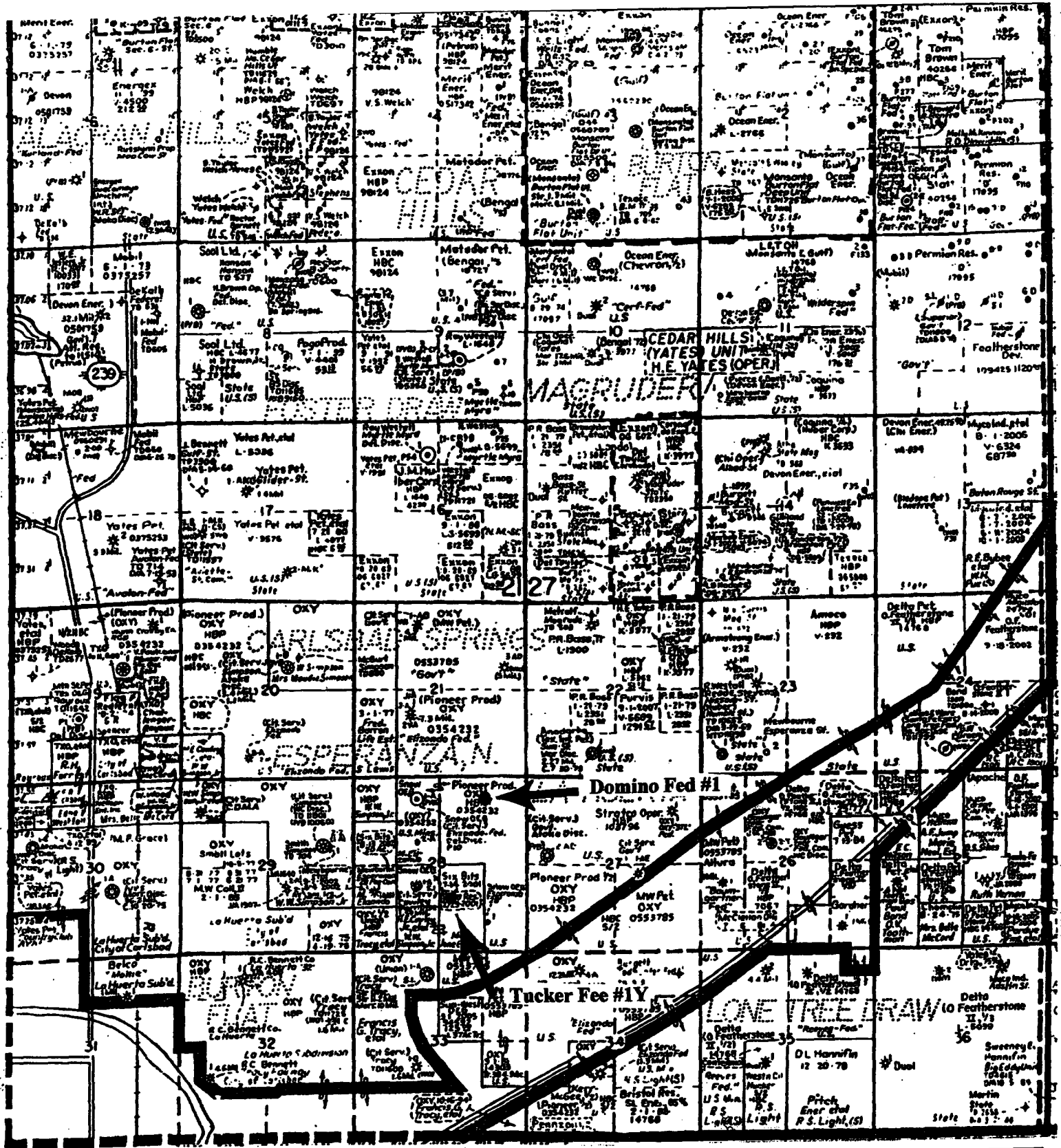


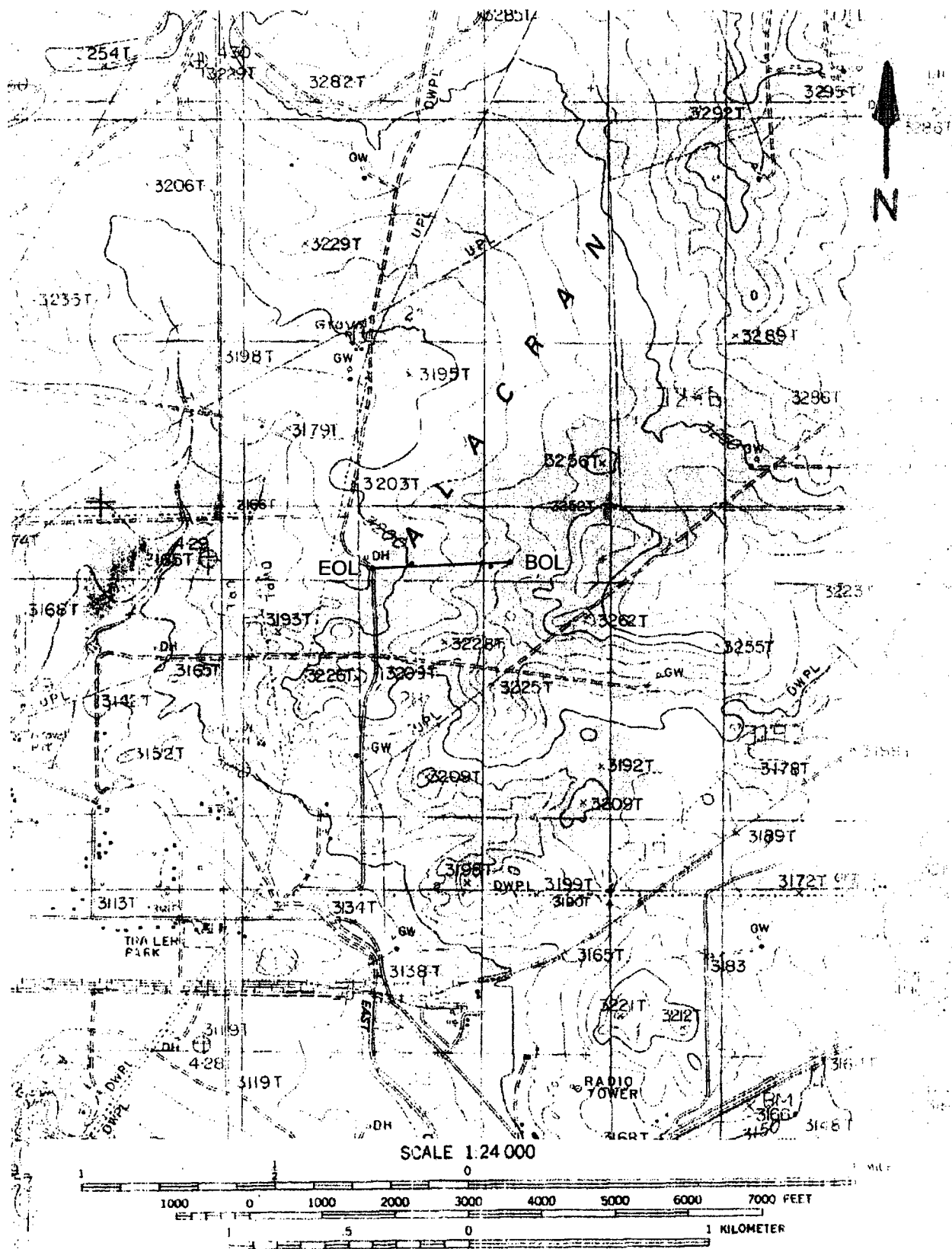
Exhibit #1

NADEL AND GUSSMAN PERMIAN, LLC

DOMINO FEDERAL NO. 1

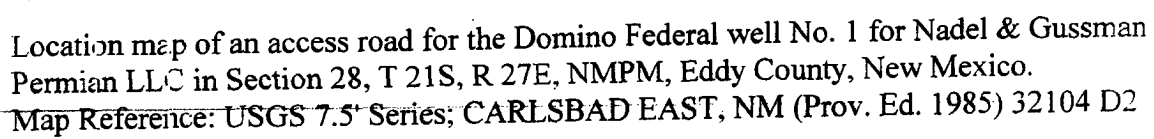
660' FNL & 1150' FEL
SEC. 28-21S-27E

EDDY COUNTY, N.M.



Location map of an access road for the Domino Federal well No. 1 for Nadel & Guest, Permian LLC in Section 28, T 21S, R 27E, NMPM, Eddy County, New Mexico.
 Map Reference: USGS 7.5' Series; CARLSBAD EAST, NM (Prov. Ed. 1985) 321041

JUN 10 2003



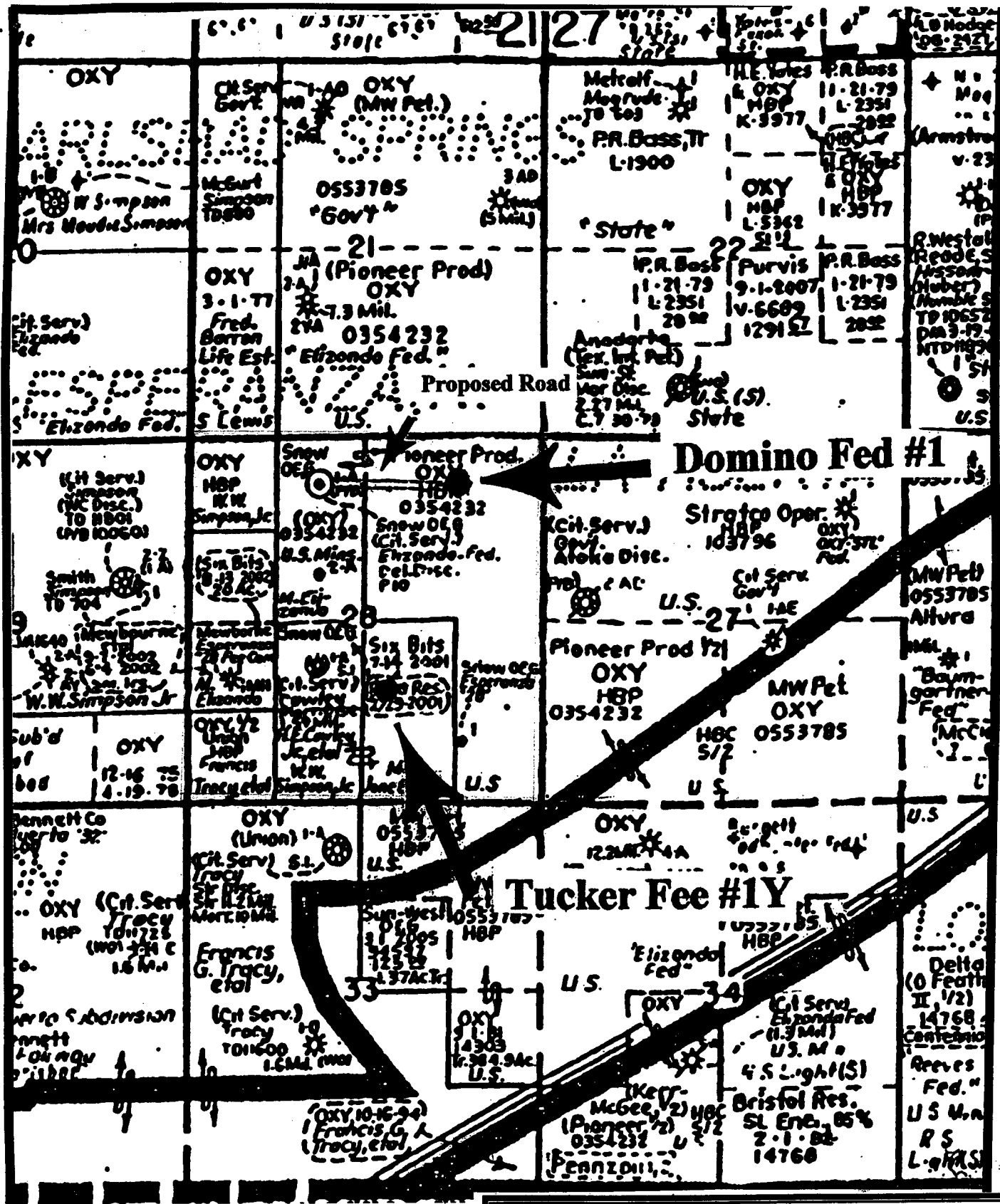


Exhibit #3

Nadel and Gussman Permian, L.L.C.

Domino Federal No. 1

660' FNL & 1150' FEL
Sec. 28-21S-27E

Eddy Co., NM

10-18-01

Patterson-UTI Drilling Company

Rig to be used
ON Domino Federal #1
- Erdm Bunker
915-2381269

Rig #3

13,500'

DRAWWORKS

Brewster N-46, 800 HP
Brake: Single Parmac Hydromatic 22"
Automatic Driller

ENGINES

Two Caterpillar 3408 Engines

DERRICK

Al Hicks, 137', 450,000# rated capacity

SUBSTRUCTURE

Lee c. Moore, 15 1/2' floor, KB - 17', 460,000#,
13' vertical clearance

MUD PUMPS

Pump #1: Emsco DB550 /379
Pump #2: Emsco DB550 w/Cat379

DRILL STRING

Drill Pipe 4-1/2" 16.60-16.60x-95&20#E
(24) 6 1/2" Drill Collars
(6) 8" Drill Collars

BLOWOUT PREVENTERS

12" 3000# Ram/Ram/Annular Shaffer LS

MUD SYSTEM

Two Steel Pits w/900 bbls volume, two pit
stirrers, six guns, high speed vibrating shaker &
transfer pump

MUD HOUSE

None

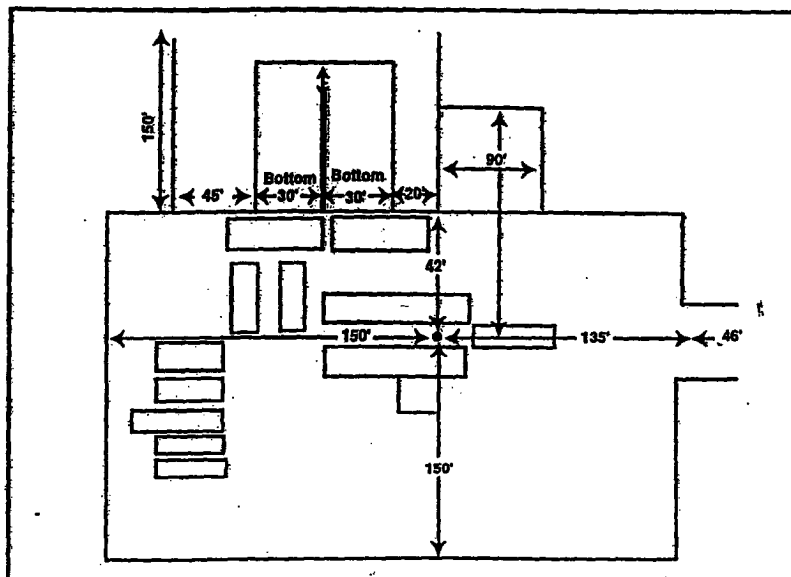
COMMUNICATIONS

24 hour direct cellular telephone

OTHER EQUIPMENT

Blocks. Brewster 250 Ton
Hook. Brewster 250 Ton
Swivel. Emsco LB 300
Rotary Table. Brewster 18" - 250 Ton
Shale Shaker. Single Double Rumba
Electrical Power. Two 320 kw generators,
vapor proof lights.
Fresh Water Storage. 1000 bbls
Housing.

"Hole Requirements will dictate actual Reserve Pit size (TOOLPUSHER SHOULD BE CONSULTED)"



Rig 3