



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

HIGH CAVEKARST

APPLICATION FOR PERMIT TO DRILL OR REENTER

EA-07-1047
FORM APPROVED
OMB NO. 1004-0137
Expires March 31, 2007

ATS-07-476

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMM103576	
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" 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		7. Unit or CA Agreement Name and No.	
3a. Address 3300 N A St. Bldg 2, Ste 120, Midland, TX 79705		8. Lease Name and Well No. 36680 Buzzard Canyon 13 Federal #1	
3b. Phone No. (include area code) 432/686-8235		9. API Well No. 30-015-35762	
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 1980 FSL and 1904 FEL At proposed prod. zone 1580' FSL & 1804' FEL		10. Land and Pool, or Exploratory Wildcat, Morrow	
11. Sec., T., R., M., or Blk. and Survey or Area Sec 13-20S-21E		12. County or Parish Eddy	
13. State NM		14. Distance in miles and direction from nearest town or post office* 20 miles NW of Carlsbad	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 1904'		16. No. of Acres in lease 1285.96	
17. Spacing Unit dedicated to this well s/2 of Sec 13		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. NA	
19. Proposed Depth 8000'		20. BLM/BIA Bond No. on file NMB000153	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4308		22. Approximate date work will start* 7/15/07	
23. Estimated duration 30 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 A Jordan	Date 6.1.07
Title Production/ Regulatory Analyst		
Approved by (Signautre) /s/ James Stovall	Name (Printed/Typed) /s/ James Stovall	Date AUG 01 2007
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 at

Title 18 U.S.C. Section 1001 and Title 18 U.S.C. Section 1002

*(Instructions on page 2)

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

APPROVAL FOR TWO YEARS

ingly and willfully to make to any department or agency of the United

dition.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

STRICT I

1625 N. FRENCH DR., HOBBBS, NM 88240

DISTRICT II

1301 W GRAND AVENUE, ARTESIA, NM 88210

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 October 12, 2005

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 Wildcat; Morrow
Property Code	Property Name BUZZARD CANYON 13 FEDERAL		Well Number 1
OGRID No. 015142	Operator Name NEARBURG PRODUCING COMPANY		Elevation 4317'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	13	20-S	21-E		1580	SOUTH	1804	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.
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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

<p>LOT 1</p> <p>41.51 AC</p> <p>LOT 2</p> <p>41.50 AC</p> <p>LOT 3</p> <p>41.48 AC</p> <p>LOT 4</p> <p>41.47 AC</p> <p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=570708.7 N X=373370.4 E</p> <p>LAT.=32.568313° N LONG.=104.744377° W</p> <p>4303.8' 4310.2' 600' 1804' 4319.4' 4309.3' 600' 1580'</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Sarah Jordan</i> 8-2007 Signature Date Sarah Jordan Printed Name</p>
	<p>SURVEYOR CERTIFICATION</p> <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>RONALD J. EIDSON JUL 15, 2007 Date Surveyed Signature & Seal of Professional Surveyor 7/11/07 07.11.0841</p>
	<p>Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239</p>

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: NMNM103576

Legal Description of Land: 1980' FSL and 1904' FEL
Sec. 13, T20S, R21E
Eddy County, New Mexico

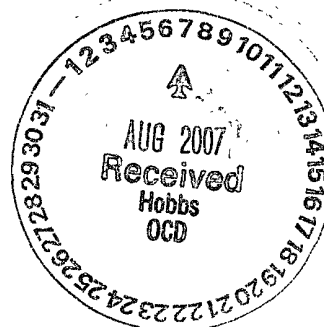
Formation(s) (if applicable): Wildcat; Morrow

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

BLM Bond File No: NMB000153

6.10.07
Date

H. R. Willis
H. R. Willis
Drilling Manager



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 TRIPPLICATE - 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)

1980 FSL and 1904 FEL, Sec 13-20S-21E

Change to

1580 FSL and 1804 FEL, Sec 13-20S-21E

5 Lease Serial No

NMNM103576

6. If Indian, Allottee or Tribe Name

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

8 Well Name and No.

Buzzard Canyon 13 Federal #1

9 API Well No

10 Field and Pool, or Exploratory Area
Wildcat; Morrow

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 move the location. See attached plat.

per BLM - Barry Hunt +

Cody Layton.

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

Butch Willis

Title

Drilling Manager

Date

7/19/07

THIS SPACE FOR FEDERAL OR STATE/OFFICE USE

Approved by

/s/ James Stovall

Title

FIELD MANAGER

Date

AUG 01 2007

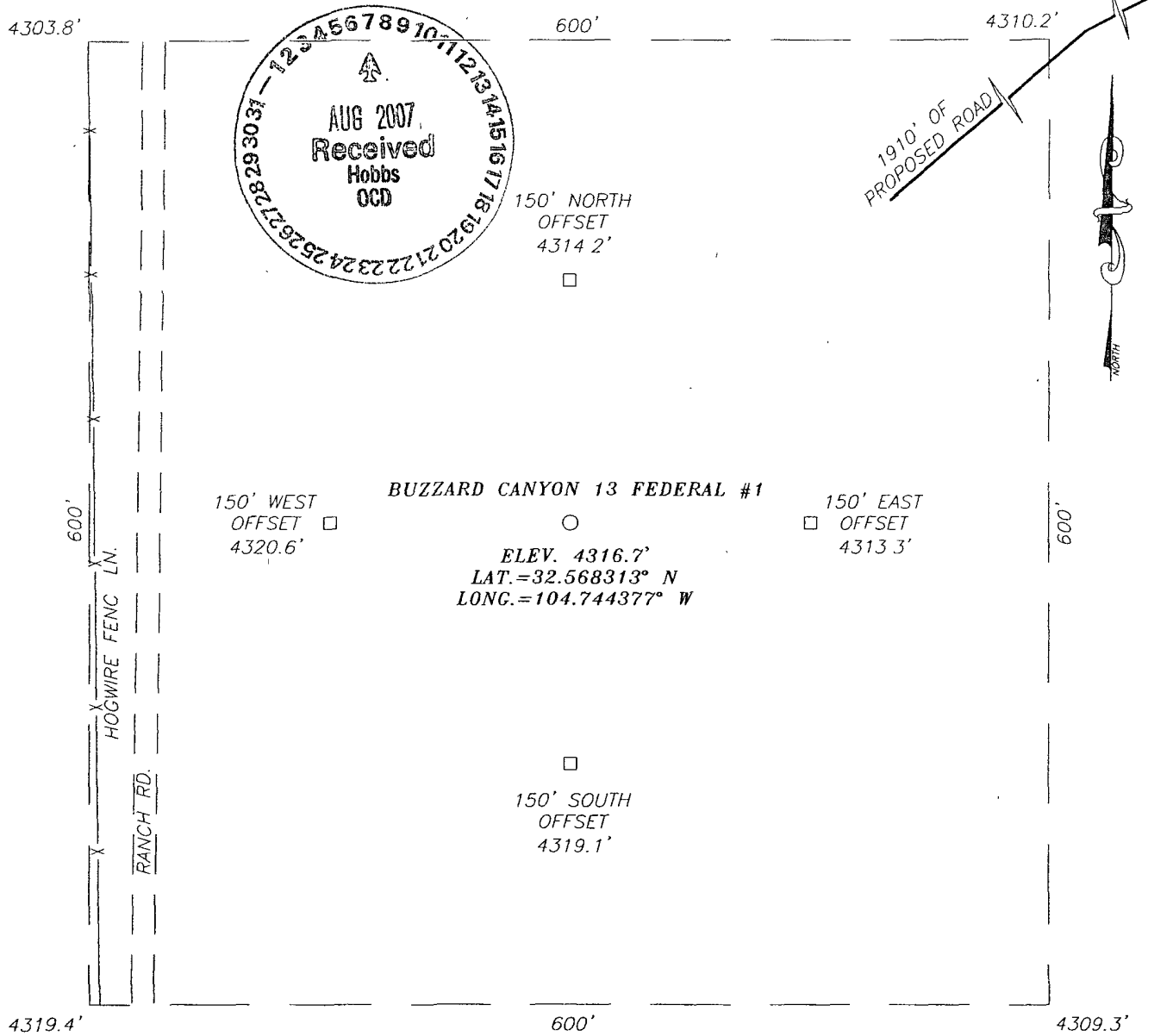
Office

CARLSBAD FIELD OFFICE

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

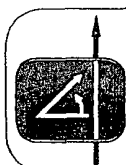
Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

SECTION 13, TOWNSHIP 20 SOUTH, RANGE 21 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CO. RD. #12
(ARMSTRONG RD.) AND CO RD. #24 (DEER CANYON
RD.) GO WEST ON DEER CANYON ROAD APPROX
1.8 MILES. TURN LEFT AND FOLLOW TRAIL ROAD
APPROX. 0.5 MILES TO A DRY HOLE AND A
PROPOSED ROAD SURVEY. FOLLOW ROAD SURVEY
APPROX. 0.4 MILES TO THIS LOCATION.



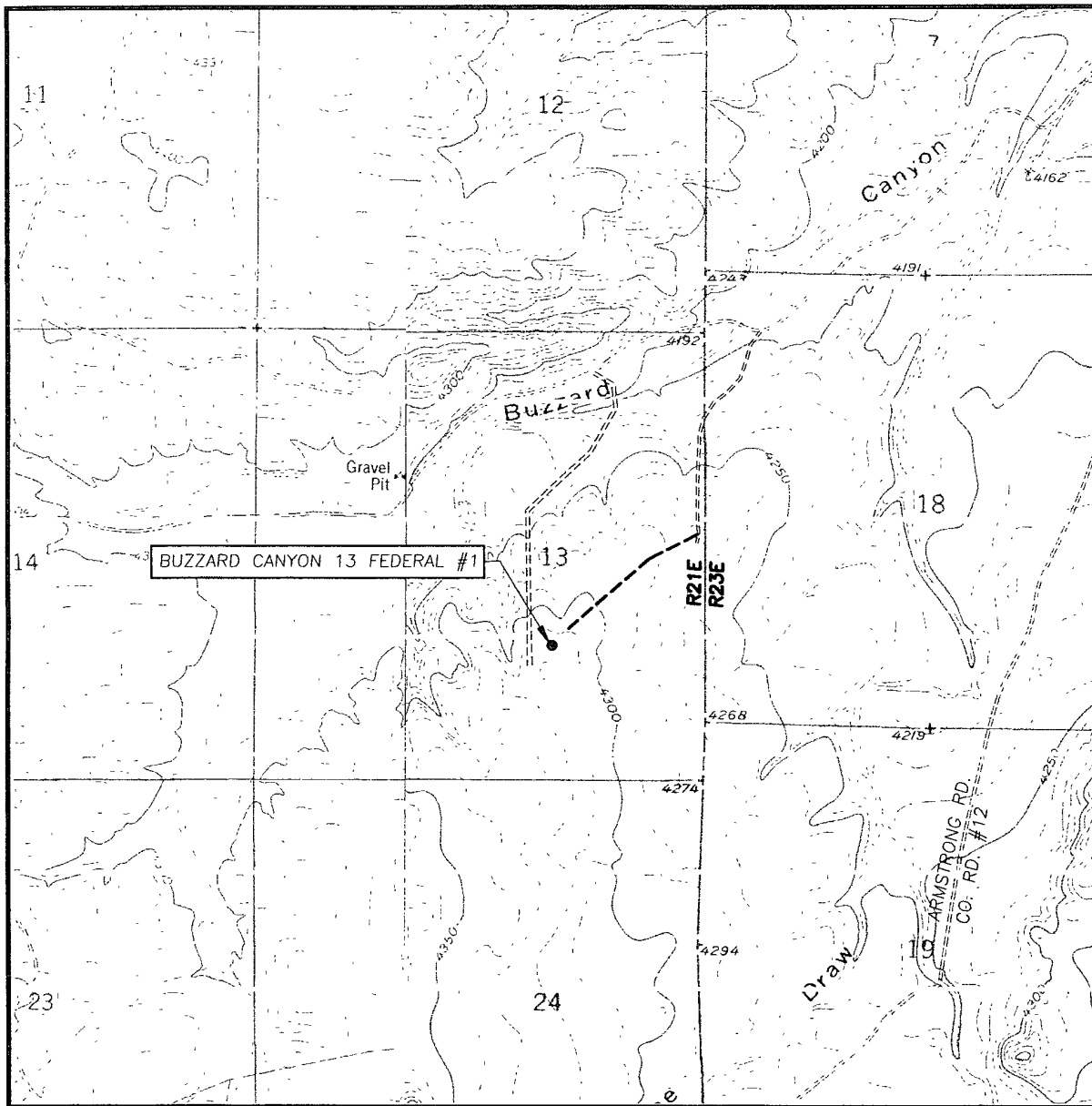
PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

NEARBURG PRODUCING COMPANY

BUZZARD CANYON 13 FEDERAL #1 WELL
LOCATED 1580 FEET FROM THE SOUTH LINE
AND 1804 FEET FROM THE EAST LINE OF SECTION 13,
TOWNSHIP 20 SOUTH, RANGE 21 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

Survey Date: 7/5/07	Sheet 1 of 1 Sheets
W.O. Number: 07.11.0841	Dr By: LA Rev 1: N/A
Date: 7/10/07	Disk: 07110841 Scale: 1"=100'

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
BOX CANYON RANCH, N.M. - 10'
STRYCHNINE DRAW, N.M. - 20'

SEC. 13 TWP. 20-S RGE. 21-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 1580' FSL & 1804' FEL

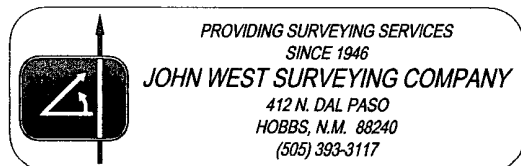
ELEVATION 4317'

NEARBURG
OPERATOR PRODUCING COMPANY

LEASE BUZZARD CANYON 13 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP

BOX CANYON RANCH, N.M.



ATTACHMENT TO FORM 3160-3
BUZZARD CANYON 13 FEDERAL #1
SECTION 13, T20S, R21E
EDDY COUNTY, NEW MEXICO

DRILLING PROGRAM

1. GEOLOGIC NAME OF SURFACE FORMATION

Permian Carbonates

2. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS

Tubb	2800	Wolfcamp	4700
Abo	3500	Strawn	7200
		Atoka	7600
		Morrow	7800

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

Wolfcamp	Gas	Morrow	Gas
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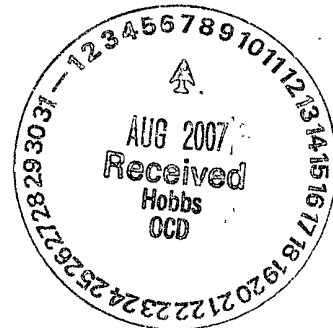
4. CASING AND CEMENTING PROGRAM

<u>Casing Size</u>	<u>From</u>	<u>To</u>	<u>Weight</u>	<u>Grade</u>	<u>Joint</u>	<u>Burst</u>	<u>Coll</u>
8-5/8"	0' - 1,600'		32#	K55	STC	3930	2530
5-1/2"	0' - 8,000'		17#	N80	LTC	7740	6280

Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability. All csg will be new API sepcs.

11" hole will be drilled to 1,600' and 8-5/8" casing will be cemented with 1000 sxs "C" or volume based on fluid caliper necessary to bring cement back to surface.

7-7/8" hole will be drilled to 8,000' and 5-1/2" production casing will be cemented with approximately 1500 sxs of 50/50 and 35/64 Poz "H", wt 15.6, T-1.11 cement or volume necessary to tie back to 8-5/8" casing. Circ to surface.



5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL

The BOP stack will consist of a 3,000 psi working pressure, dual ram type preventer and annular. Will be tested as per onshore order #2.

A BOP sketch is attached.

6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM

Spud and drill to 1600' with fresh water mud for surface string. The production section from 1600' to 7,000' will be fresh water at 8.4 ppg, from 7,000' to 8000' will be cut brine/ Poly Pac/ XCD w/ 9 ppg weight..

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT

None required.

8. LOGGING, TESTING, AND CORING PROGRAM

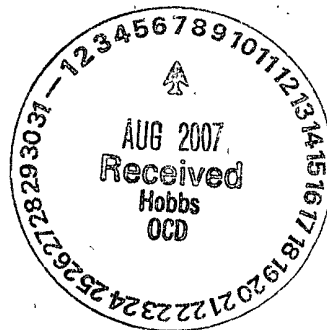
DLL/CNL/LDT/CAL/GR logging is planned. Drill stem tests, cores and sidewall cores are possible.

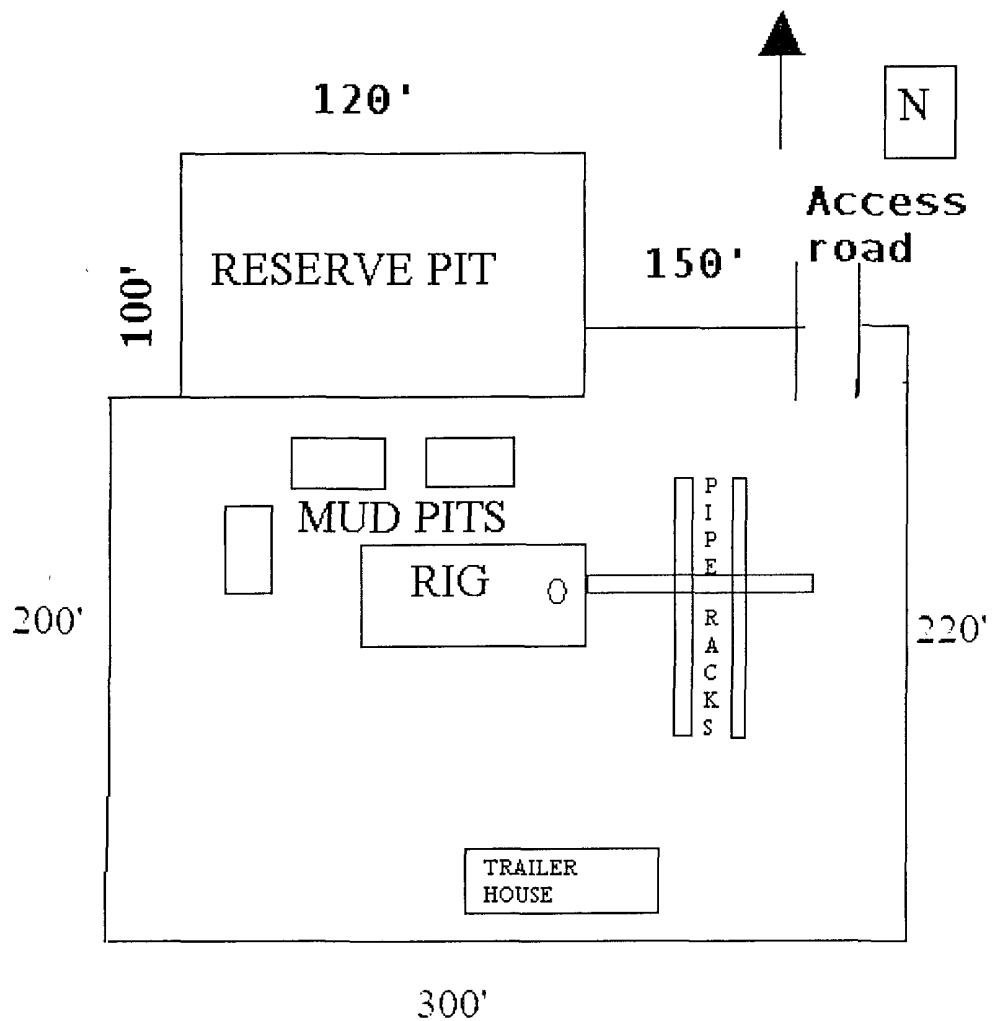
9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES & POTENTIAL HAZARDS

None anticipated. – Expected BHP 3500 psi.

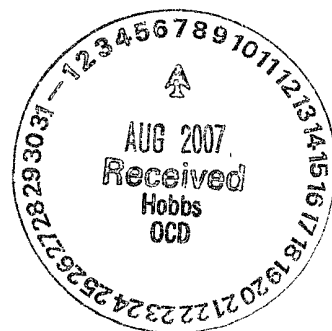
10. ANTICIPATED STARTING DATE:

Is planned that operations will commence on July 15, 2007 with drilling and completion operation lasting about 30 day.





Buzzard Canyon 13 Fed #1



SURFACE USE AND OPERATIONS PLAN FOR
DRILLING, COMPLETION, AND PRODUCING

**NEARBURG PRODUCING COMPANY
BUZZARD CANYON 13 FEDERAL #!
SECTION 13-T20S-R21E
EDDY COUNTY, NEW MEXICO**

LOCATED

20 miles NW of Carlsbad

OIL & GAS LEASE

NMNM103576

RECORD LESSEE

Nearburg Exploration Company, LLC

BOND COVERAGE

\$25,000 statewide bond of Nearburg Producing Company

ACRES IN LEASE

1285.96

GRAZING LEASE

Barbara Runyan
PO Box 2468
Roswell, NM 88202

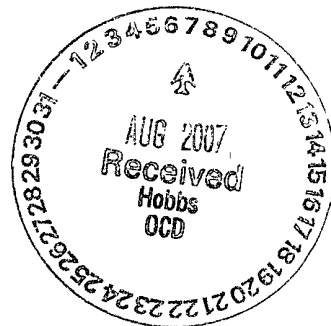
POOL

Wildcat; Morrow

EXHIBITS

- A. Area Road Map
- B. Drilling Rig Layout
- C. Vicinity Oil & Gas Map
- D. Topographic & Location Verification Map
- E. Well Location & Acreage Dedication Map

This well will be drilled to a depth of approximately 8,000'.



1. EXISTING ROADS

A. Exhibit A is a portion of a section map showing the location of the proposed well as staked.

B. Exhibit C is a plat showing existing roads in the vicinity of the proposed well site.

2. ACCESS ROADS

A. Length and Width

The access road will be built and is shown on Exhibit D. Existing road will be upgraded as needed and 1910' of new road SE to location.

B. Surface Material

Existing.

C. Maximum Grade

Less than five percent

D. Turnouts

None necessary.

E. Drainage Design

Existing.

F. Culverts

None necessary.

G. Gates and Cattle Guards

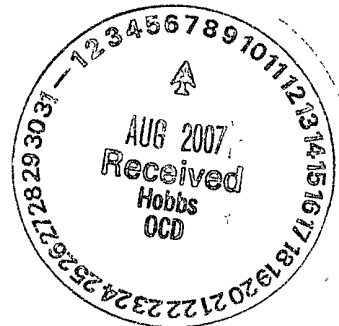
None needed.

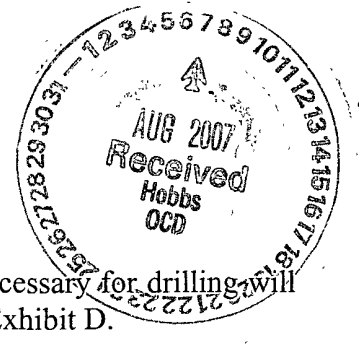
3. LOCATION OF EXISTING WELLS

Existing wells in the immediate area are shown in Exhibit C.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

Necessary production facilities for this well will be located on the well pad.





5. LOCATION AND TYPE OF WATER SUPPLY

It is not contemplated that a water well will be drilled. Water necessary for drilling will be purchased and hauled to the site over existing roads shown on Exhibit D.

6. METHODS OF HANDLING WASTE DISPOSAL

- A. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- B. Water produced during tests will be disposed of in the drilling pits.
- C. Oil produced during tests will be stored in test tanks.
- D. Trash will be contained in a trash trailer and removed from well site.
- E. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

7. ANCILLARY FACILITIES

None required.

8. WELL SITE LAYOUT

Exhibit B shows the relative location and dimensions of the well pad, mud pits, reserve pit, and trash pit, and the location of major rig components.

9. PLANS FOR RESTORATION OF THE SURFACE

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. The well site will be cleaned of all trash and junk to leave the site in an as aesthetically pleasing condition as possible.
- B. After abandonment, all equipment, trash, and junk will be removed and the site will be clean.

10. OTHER INFORMATION

A. Topography

The land surface at the well site is rolling native grass with a regional slope being to the east.

B. Soil

Topsoil at the well site is sandy soil.

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

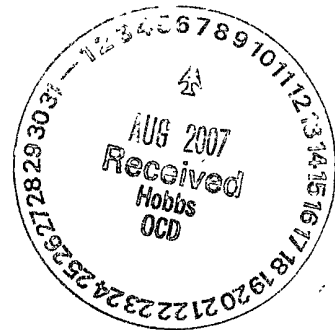
Grazing

H. Surface Ownership

Bureau of Land Management

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

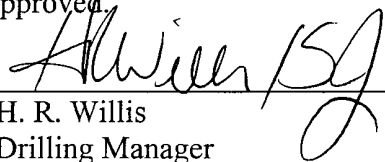


12. CERTIFICATION

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.

7-23-07

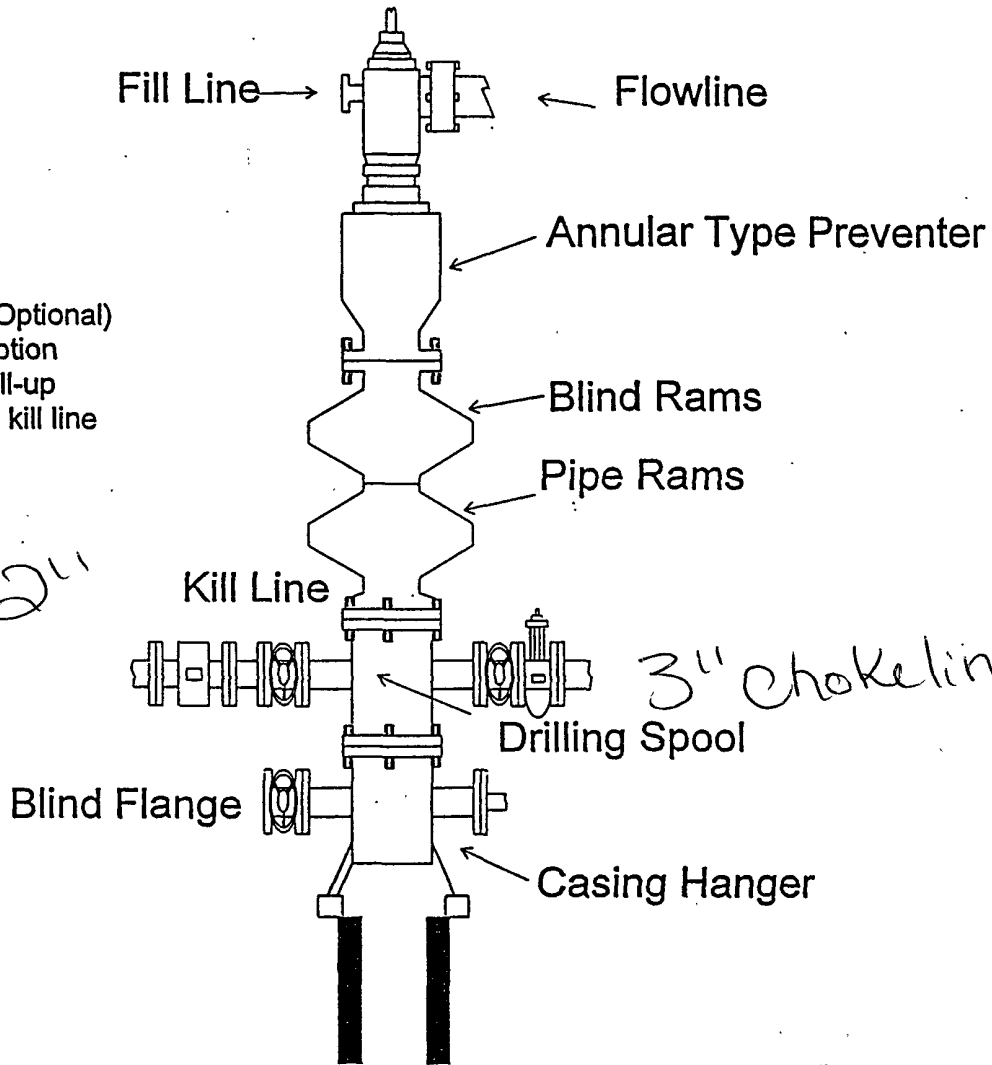
Date


H. R. Willis
Drilling Manager

NEARBURG PRODUCING COMPANY
BOPE SCHEMATIC

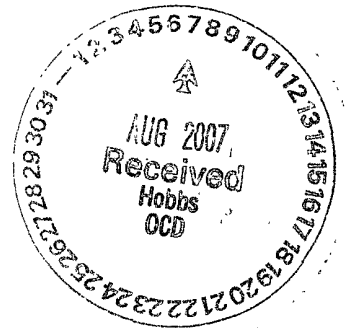
3m BOP

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

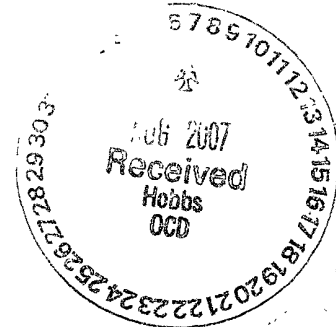
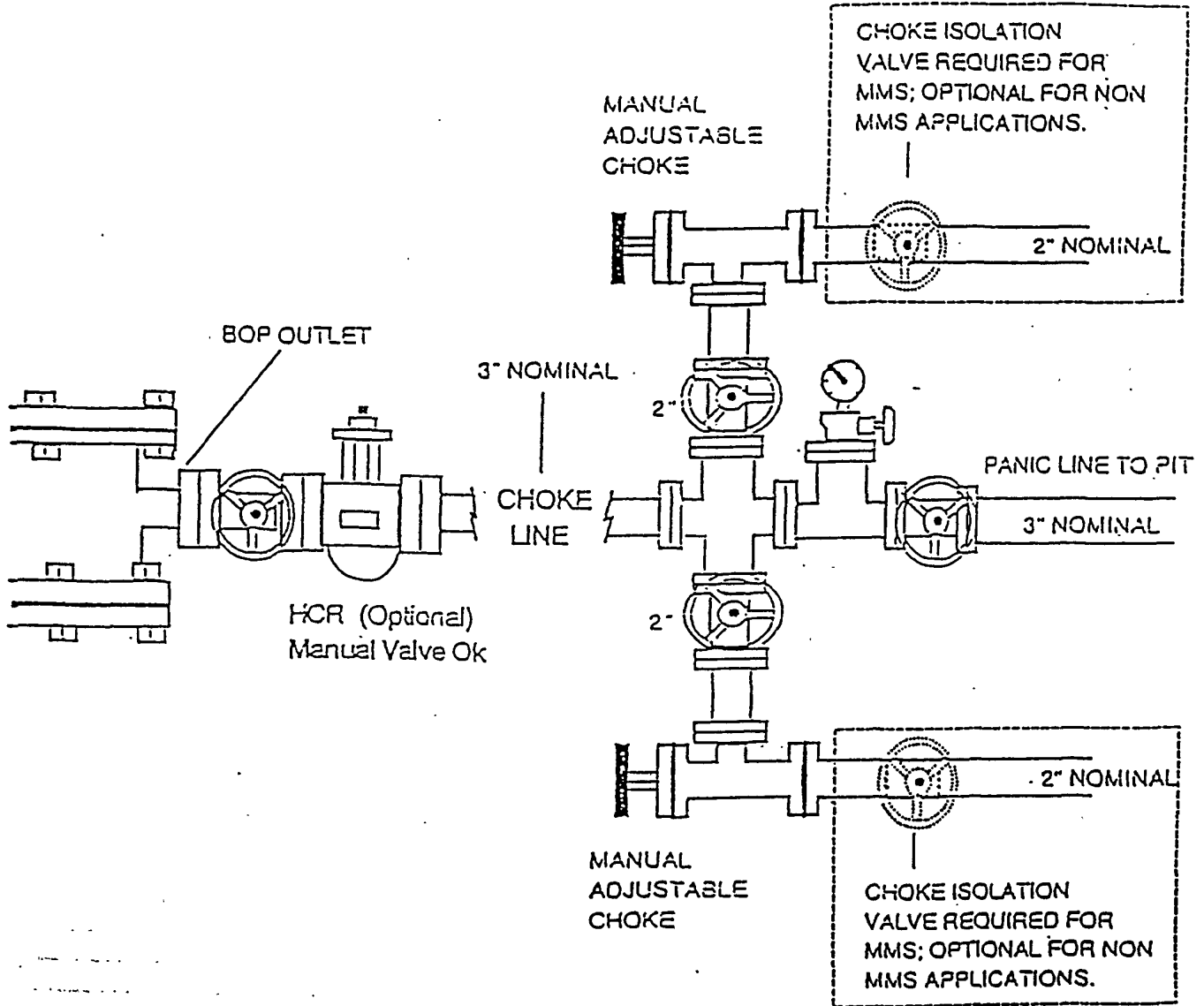


3" choke line

900 Series



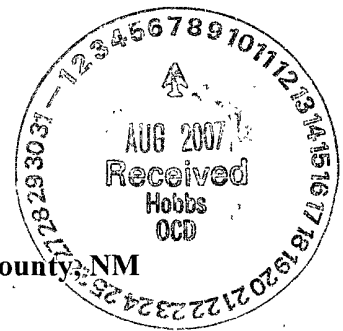
NEARBURG PRODUCING COMPANY
CHOKE MANIFOLD
2M AND 3M SERVICE



CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Nearburg Producing Co.
Well Name & No. Buzzard Canyon 13 Federal # 1
Location: 1580'FSL, 1804'FEL, SEC13, T20S, R21E, Eddy County, NM
Lease: NM-103576

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I. DRILLING OPERATIONS REQUIREMENTS:

- A. The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance for a representative to witness:
1. Spudding well
 2. Setting and/or Cementing of all casing strings
 3. BOPE tests
- Eddy County call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822
- B. A Hydrogen Sulfide (H₂S) Drilling Plan is N/A.
- C. 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.

II. CASING:

- A. The 8.625 inch surface casing shall be set at 1600 feet and cemented to the surface.
1. 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 surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 2. Wait on cement (WOC) time for a primary cement job will be a minimum of 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compression strength, whichever is greater. (This is to include the lead cement)
 3. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compression strength, whichever is greater.
 4. If cement falls back, remedial action will be done prior to drilling out that string.
- B. The minimum required fill of cement behind the 5.5 inch production casing is circulating cement to the surface.
- C. 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.

III. PRESSURE CONTROL:

- A. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2.
- B. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 2000 psi.
- C. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 1. The tests shall be done by an independent service company.
 2. The results of the test shall be reported to the appropriate BLM office.
 3. 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.
 4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi in accordance with API RP 53, section 17. 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.
 5. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

IV. 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.

1. Recording pit level indicator to indicate volume gains and losses.
2. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
3. Flow-sensor on the flow line to warn of abnormal mud returns from the well

V. HAZARDS:

1. Our geologist has indicated that there is potential for lost circulation in the San Andres, Glorieta and Wolfcamp formations.
2. Our geologist has indicated that there is potential for abnormal pressure in the Wolfcamp formation and the Pennsylvanian system.

Engineering can be reached at 505-706-2779 for any variances necessary.

FWright 6/28/07

