

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.



SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

MAR 03 2008

2. Name of Operator

Nearburg Producing Company

OCD-ARTESIA

3a. Address

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

3b. Phone No. (include area code)

432/686-8235 x 203

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

660 FNL and 1930 FEL, Sec 31-19S-25E

5. Lease Serial No.

NMNM84701

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Dagger Draw 31 Fed #2

9. API Well No.

30-015-26431

10. Field and Pool, or Exploratory Area
Dagger Draw; Upper Penn, North

11. County or Parish, State

Eddy NM

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

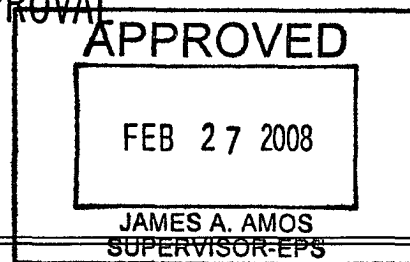
| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> 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 _____ |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

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 P&A the subject well. Please see attached procedure and wellbore diagram.

Accepted for record
NMOCD

SEE ATTACHED FOR
CONDITIONS OF APPROVAL



14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Sarah Jordan

Title

Production/ Regulatory Analyst

Date

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

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.



February 21, 2008

FAX #: (432) 687-4130

Nearburg Producing Company
3300 North "A" Street
Building 2, Suite 120
Midland, TX 79705

Attn: **TIM SPEER**

RE: DAGGER DRAW NORTH #2
Eddy, NM

Dear Tim:

- SEE ATTACHED FOR
CONDITIONS OF APPROVAL
- (1) M.I. R.U.
 - (2) N.D. W.H. N.U. B.O.P.
 - (3) R.I.H. tbg. Tag cmt. Circulate hole w/M.L.F.
 - (4) P.U.H. to 6,141'. Spot 40 sx. cmt.
 - (5) P.U.H. to 3,441'. Spot 30 sx. cmt.
 - (6) P.U.H. to 1,700'. Spot 30 sx. cmt.
 - (7) P.U.H. to 1,700'. Spot 30 sx. cmt. W.O.C. & tag.
 - (8) P.U.H. to 1,800'. Spot 40 sx. cmt. W.O.C. & tag.
 - (9) P.U.H. to 400'. Spot 50 sx. cmt.
 - (10) Spot 10 sx. to surface.
 - (11) R.D. M.O.

Estimate: **\$28,826.00**

Estimate will expire 90 days from February 21, 2008.

Nearburg will furnish steel pit.

Basic Energy Services will furnish the workstring.

All fluids "hailed off" will be charged to Nearburg Producing. Fluid Disposal will be furnished by Nearburg Producing.

***** **NOTE** ***** On any additional rig time a \$4.00/hour insurance surcharge will be charged.

CURRENT WELLBORE DIAGRAM

| | | | | | | | |
|-----------------|----------------------------|-------|--------|--------|-------------------|-------------|----------------|
| LEASE: | Dagger Draw 31 Federal Com | WELL: | 2 | FIELD: | Dagger Draw North | API: | 30015264310000 |
| LOC: | 660' FNL & 1,930' FEL | SEC: | 31 | BLK: | | PARS NO: | |
| SVY: | T19S, R25E | GL: | 3,536' | CTY/ST | Eddy County, NM | SPUD: | 3/15/1991 |
| CURRENT STATUS: | Inactive | KB: | 3,536' | DF: | | TD DATE: | 4/11/1991 |
| | | | | | | COMP. DATE: | 5/9/1991 |

FRESH WATER
DEPTH:

HOLE SIZE: 12 1/4"
SURF CSG & SIZE: 9 5/8" 36#
SET @: 1,180'
SXS CMT: 1,400 sx (900 sx Howco Lite, 500 sx "C")
CIRC: yes 10 sx
TOC AT: surface
TOC BY:

COMMENTS:

TBG: 2 7/8"
JTS: 245
SN: 7,624'
TAC: yes
ROD SIZE 87

PKR:
TYPE:

OH ID:
COTD:
PBD: 8,005'
TD: 8,050'

DV TOOL @ 6100'

CIBP @ 7600' cap w/35' cmt

perfs 7,652'-7,750'

perfs 7,652'-7,750'

PBTD 8,005'

HOLE SIZE: 8 3/4"
PROD. CSG & SIZE: 7" 23# & 26#
SET @: 8,050'
SXS CMT: 1,310 sx (250 sx 65/35 H, 400 sx Howco Lite, 660 sx 65/35 H)
CIRC: yes 94 sx
TOC AT: surface
TOC BY:

*****GEOLOGY*****

TOPS OF ALL ZONES
PRODUCTIVE OF HYDRO-
CARBONS:
San Andres: 764'
Glorieta: 2204'
Bone Spring Limestone: 3780'
Wolfcamp: 5320'
Cisco: 7011'
Canyon: 7601'

CURRENT PERFS:

7,795'-7,816' (42 holes)
7,652'-7,750' (72 holes)

SQUEEZE JOBS:

OPEN HOLE:

LINER:

BY: BHH
2/22/2008

Nearburg Producing Company
NMNM84701; Dagger Draw 31 Fed 2
660' FNL & 1930' FEL
Section 31, T. 19 S., R. 25 E.
Eddy County, New Mexico

RE: Plugging and Abandonment, Conditions of Approval

Steps 1-4 are OK as is.

Step 5, spot a balanced plug from 5395'-5245', covers the Wolfcamp formation at 5320'.

Step 6, spot a balanced plug from 3850'-3710', covers the Bone Spring formation at 3780'.

Step 7, spot a balanced plug from 2264'-2144', covers the Glorieta formation at 2204'.

Step 8, spot a balanced plug from 1230'-1130'. WOC and tag no lower than 1130'.

Step 9, spot a balanced plug from 814'-714', covers the San Andres formation at 764'.

Step 10, spot a 25 sack plug from 100' to surface.

If you have any questions, please contact Jim Amos at 505-234-5909.

J. Amos, 2/27/08

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Permanent Abandonment of Federal Wells
Conditions of Approval

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within ninety (90) days from the approval date of this Notice of Intent to Abandon.

If you are unable to plug the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged. Failure to do so will result in enforcement action.

2. **Notification:** Contact the appropriate BLM office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, call 575-627-0272; Eddy County, call 575-361-2822; Lea County, call 575-393-3612.

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of water. Minimum nine (9) pounds per gallon.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. In lieu of a cement plug in a cased hole, a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.

6. **Dry Hole Marker:** All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). The well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement. The following information shall be permanently inscribed on the dry hole marker: well name and number, name of the operator, lease serial number, surveyed location (quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer such as metes and bounds).

7. **Subsequent Plugging Reporting:** Within 30 days after plugging work is completed, file one original and five copies of the Subsequent Report of Abandonment, Form 3160-5 to BLM. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date well was plugged.**

8. **Trash:** All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

Following the submission and approval of the Subsequent Report of Abandonment, surface restoration conditions of approval will be developed and furnished to you.