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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

Form C-101
June 16, 2008

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

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Nadel and Gussman Permian, LLC 601 N. Marienfeld Suite 508 Midland, TX 79701		² OGRID Number 155615 ✓ ³ ARI Number 30-015-38530 ✓ Well No. 1
⁵ Property Code 38508 ✓	⁶ Property Name Big Iron	
⁹ Proposed Pool 1 Ajoaka, G1 orietta Yeso 3250		¹⁰ Proposed Pool 2

7 Surface Location									
UL or lot no. L	Section 5	Township 19S	Range 26E	Lot Idn	Feet from the 2310'	North/South line SOUTH	Feet from the 330'	East/West line WEST	County EDDY ✓

8 Proposed Bottom Hole Location If Different From Surface									
UL or lot no. I	Section 5	Township 19S	Range 26E	Lot Idn	Feet from the 2310'	North/South line SOUTH	Feet from the 330'	East/West line EAST	County EDDY

¹¹ Work Type Code N ✓		¹² Well Type Code O ✓		¹³ Cable/Rotary R ✓		¹⁴ Lease Type Code S ✓		¹⁵ Ground Level Elevation 3364' ✓	
¹⁶ Multiple N ✓		¹⁷ Proposed Depth 7271' MD/ 2775' TVD		¹⁸ Formation Paddock (Yeso)		¹⁹ Contractor N/A		²⁰ Spud Date 6/1/11	

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	9 5/8"	36#	1200' MD	500	SURFACE
8 3/4"	7"	26#	3100' MD	700	SURFACE
6 1/8"	4 1/2"	11 60#	7271' MD	None**	N/A

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Mud Program:

0' to 1200': 8.4 to 8.8 ppg, w/ Fresh water spud mud
1200' to 7271': 8.8 to 10.0 ppg, w/ brine / cut brine water

**Casing Cement – will utilize a Packers Plus type open-hole system to complete well.

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NMOCD ARTESIA

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Chris Marquez

Printed name: Chris Marquez

Title: Drilling Engineer

E-mail Address: cmarquez@naguss.com

Date: 2/14/11

Phone: 432-682-4429

OIL CONSERVATION DIVISION

Approved by:

Agustin Rees
Geologist

Title:

Approval Date:

3/9/2011

Expiration Date:

3/9/2013

Conditions of Approval Attached ☐

149

Hydrogen Sulfide Drilling Operations Plan
Big Iron #1
SHL UNIT L, Sec 5, T19S, R26E
2310' FSL & 330' FWL
Eddy Co, NM

1. Company and contract personnel admitted on location should be trained by a qualified H₂S safety instructor to recognize and handle the following:
 - A. Characteristics of H₂S gas
 - 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 knowledge
 - E. Evacuation procedure, routes and first aid support
 - F. Proper use of 30 minutes Pressure-on-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 (high enough to be visible)
 - B. Windsock at briefing area (high enough to be visible)
 - C. Windsock at location entrance
4. Condition Flags and Signs
 - A. H₂S warning signs on lease access road into location
 - B. Flags displayed on sign at location entrance
 1. Green flag indicates "Normal Safe Conditions"
 2. Yellow Flag indicates "Potential Pressure and Danger"
 3. Red Flag indicates "Danger - H₂S Present in High Concentrations" *admit only emergency personnel*
5. Well Control Equipment
 - A. See BOP schematic page
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 radios or cell phones used to communicate off location or minimally in Drilling Foreman's trailer or living quarters
7. Drillstem Testing
 - A. Exhausts watered
 - B. Flare line equipped with electric Igniter/propane pilot light in case gas reaches surface
 - C. If location near dwelling closed DST will be performed
8. Drilling Supervisor required to be familiar with effects of H₂S on tubular goods/mechanical equipment
9. If H₂S encountered, mud system shall be addressed to maintain control of formation. A mud gas separator will be brought into service along with H₂S scavengers, if necessary.

PUBLIC PROTECTION PLAN FOR EMERGENCY CONTACTS

NADEL AND GUSSMAN PERMIAN, LLC (432) 682-4429

Company Personnel

Joel Martin	Drilling Enrineer	432-682-4429 432-238-9969
Chris Marquez	Drilling Engineer	432-682-4429 432-202-0942
Keith Cannon	Drilling Supt.	575-623-6601 575-626-1936

ARTESIA N.M.

Ambulance	911
State Police	575-746-5000
City Police	575-746-5000
Sheriff's Office	575-746-9888
Fire Department	575-746-5050 or 575-746-5051
N.M.O.C.D	575-748-1283

CARLSBAD N.M.

Ambulance	911
State Police	575-885-3137
City Police	575-885-2111
Sheriff's Office	575-887-7551
Fire Department	575-885-3125 or 575-885-2111
Carlsbad BLM	575-887-6544

HOBBS N.M.

Ambulance	911
State Police	575-392-5588
City Police	575-397-9265
Sheriff's Office	575-396-3611
Fire Department	575-397-9308
N.M.O.C.D	575-393-6161
Hobbs BLM	575-393-3612

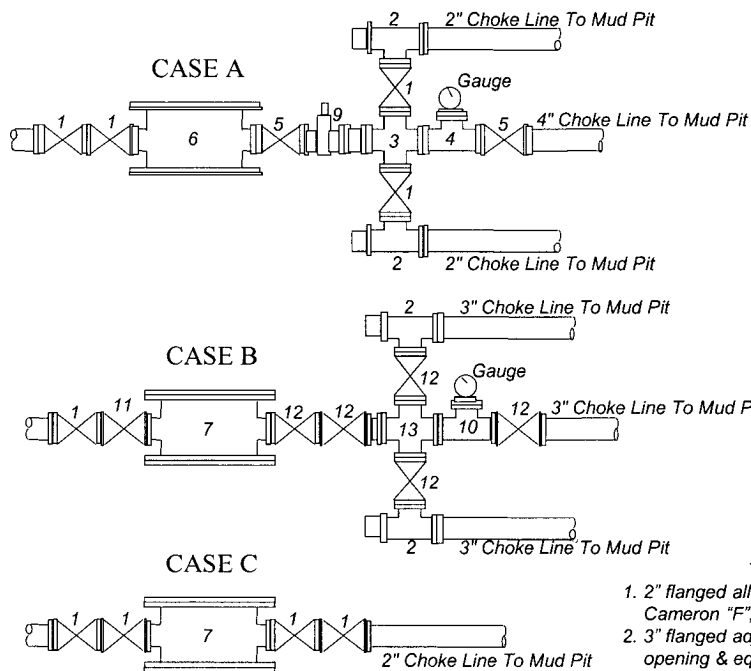
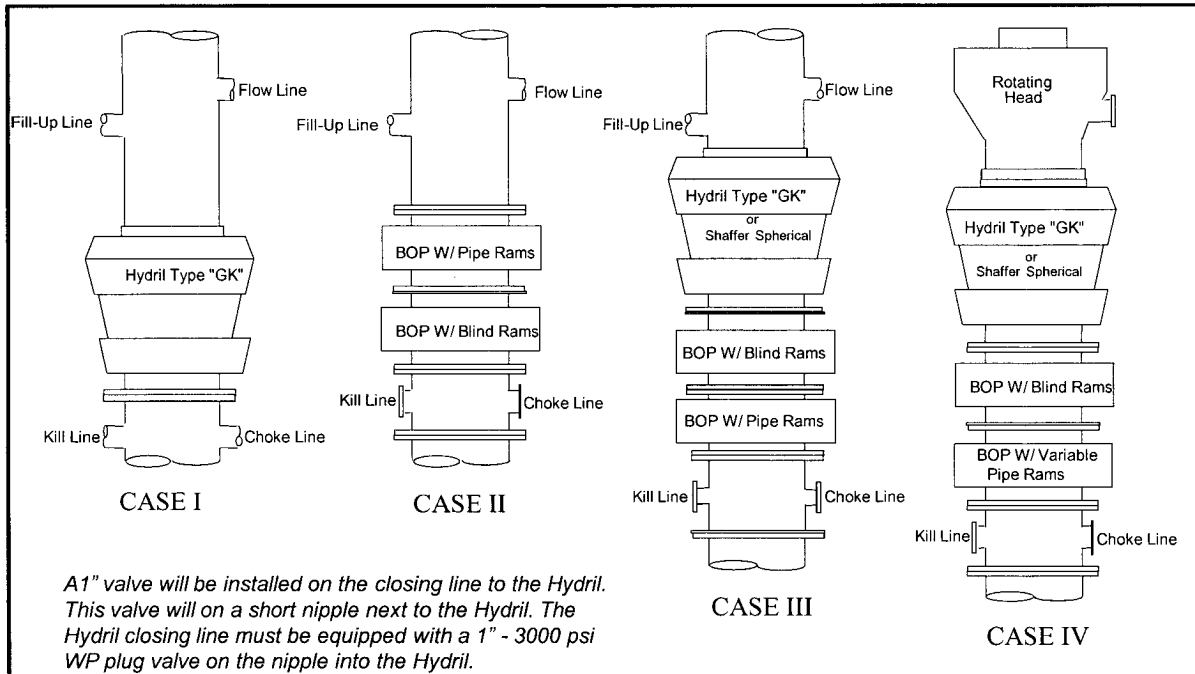
Flight for Life (Lubbock Tx)	806-743-9911
Aerocare (Lubbock Tx)	806-747-8923
Med flight air Ambulance (Albuq NM)	505-842-4433
SB air Med Services (Albuq NM)	505-842-4949

Boots & Coots IWC	800-256-9688 or 281-931-8884
Cudd Pressure Control	915-699-0139 or 915-563-3356
BJ Services (Artesia NM)	575-746-3569
(Hobbs NM)	575-392-5556

New Mexico Emergency Response Commission (Santa Fe)	505-476-9600
24 Hour	505-827-9126
New Mexico State Emergency Operations Center	505-476-9635

Nadel and Gussman Permian, LLC

MINIMUM BLOWOUT PREVENTER REQUIREMENTS



BOP SIZE	BOP CASE	WORKING PRESSURE	CHOKE CASE
13-3/8"	III	3000 psi	B
11"	IV	3000 psi	B

***Rotating head required**

Bradenhead : _____
Mfr: _____
Size: _____ Type: _____

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.

Legend

1. 2" flanged all steel valve must be either Cameron "F", Halliburton Low Torque or Shaffer Flo-Seal.
2. 3" flanged adjustable chokes, min. 1" full opening & equipped with hard trim.
3. 4" x 2" flanged steel cross.
4. 4" flanged steel tee.
5. 4" flanged all steel valve (Type as in no. 1).
6. Drilling Spool with 2" x 4" flanged outlet.
7. Drilling Spool with 2" Flanged Kill inlet, & 3" flanged choke outlet.
8. 2" x 2" flanged steel cross.
9. 4" pressure operated gate valve.
10. 3" flanged steel tee.
11. 2" Flanged check valve
12. 3" flanged all steel valve must be either Cameron "F", Halliburton Low Torque or Shaffer Flo-Seal.
13. 3" x 3" flanged steel cross.

NADEL AND GUSSMAN PERMIAN, L.L.C.
601 N. MARIENFELD STE. 508
MIDLAND, TX 79701
(432) 682-4429 (Office)
(432) 682-4325 (Fax)

2/14/11

Miss Reeves
District 2 Geologist
New Mexico Oil and Gas Division
1301 West Grand Avenue
Artesia, NM 88210

Re: Big Iron #1
SHL: 2310' FSL & 330' FWL UL L
BHL: 2310' FSL & 330' FEL UL I
Sec. 7, T19S, R26E
Eddy, NM
Rule 118 H2S Exposure

Dear Miss. Reeves,

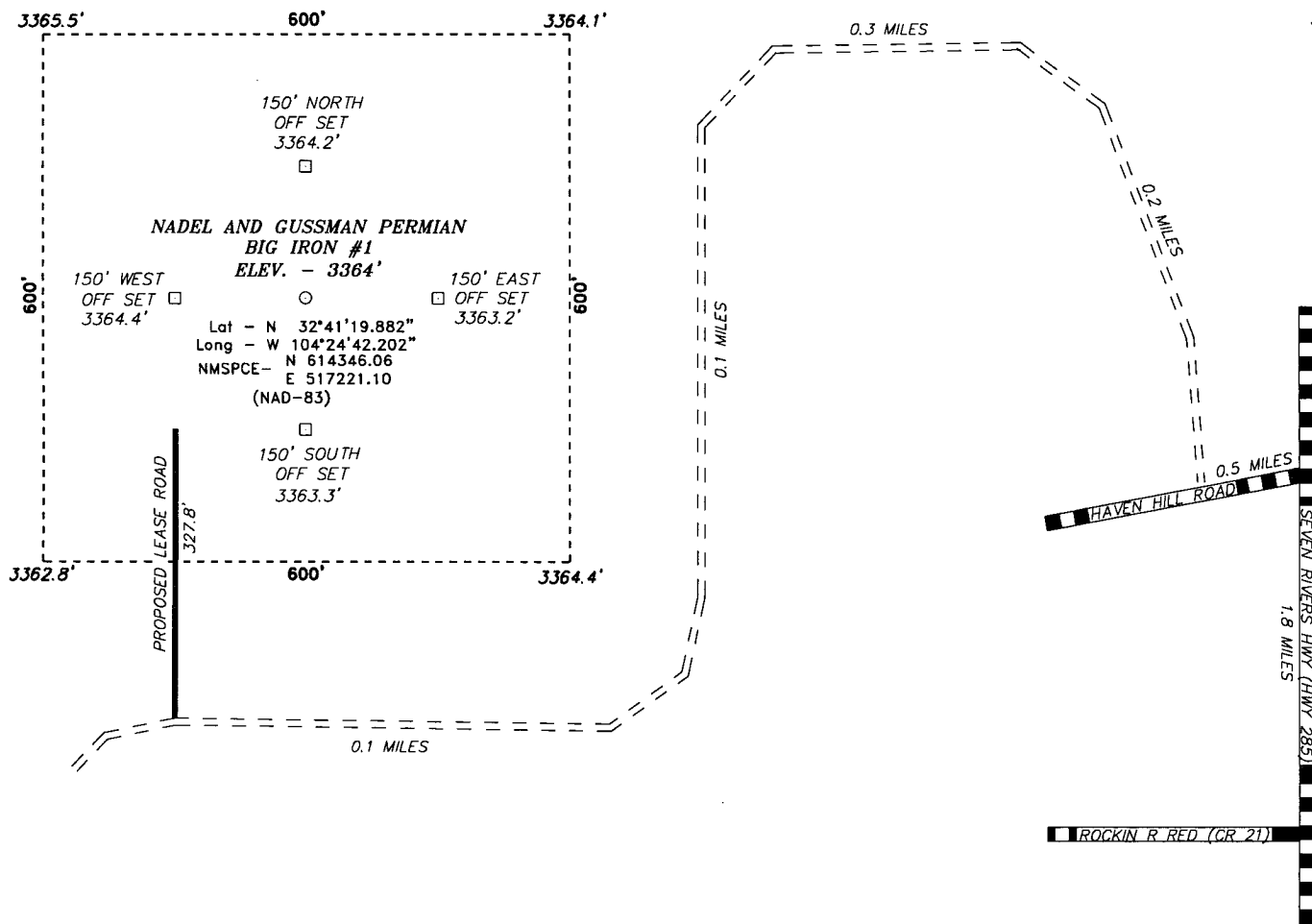
Nadel and Gussman Permian, LLC have evaluated this well and we do not expect to encounter hydrogen sulfide. However, we will employ a third party monitoring system. We will begin monitoring prior to drilling out the intermediate casing and will continue monitoring the remainder of the well.

Please contact me if you have any additional questions.

Sincerely,

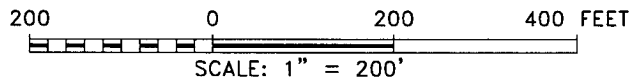
Chris Marquez
Drilling Engineer

SECTION 5, TOWNSHIP 19 SOUTH, RANGE 26 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF ROCKIN R RED ROAD (CR 21), GO NORTH ON SEVEN RIVERS HIGHWAY (HWY 285) FOR 1.8 MILES, THEN GO WEST FOR 0.5 MILES ON HAVEN HILL ROAD, GO NORTH FOR 0.2 MILES, THEN WEST FOR 0.3 MILES, GO SOUTH 0.1 MILES, THEN WEST FOR 0.1 MILES TO PROPOSED LEASE ROAD.



NADEL AND GUSSMAN PERMIAN

REF: BIG IRON #1 / WELL PAD TOPO

THE BIG IRON #1 LOCATED 2310'

FROM THE SOUTH LINE AND 330' FROM THE WEST LINE OF
SECTION 5, TOWNSHIP 19 SOUTH, RANGE 26 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 23955 Drawn By: B. NIXON

Date: 01-24-2011 Disk: BJN 23955

Survey Date: 01-19-2011 Sheet 1 of 1 Sheets