

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NMCD-4
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

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 x 203

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2180 FSL and 660 FEL, Sec 1, 19S, 33E

5. Lease Serial No.

NMNM4312

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Pennzoil Federal #1

9. API Well No.

30-025-26498

10. Field and Pool, or Exploratory Area
EK Bone Spring

11. County or Parish, State

Lea County NM

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

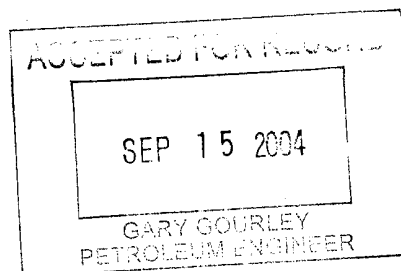
TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> 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 checked="" 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 recomple 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 recomple 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 TA'd the subject in the manner on the attached sheets.

Chart attached.

Confidential for 1 year
09/15/04



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

Name (Printed/Typed)

Sarah Jordan

Title

Production Analyst

Date 9/3/04

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

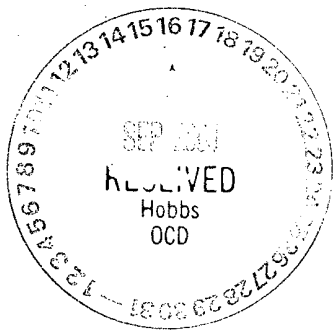
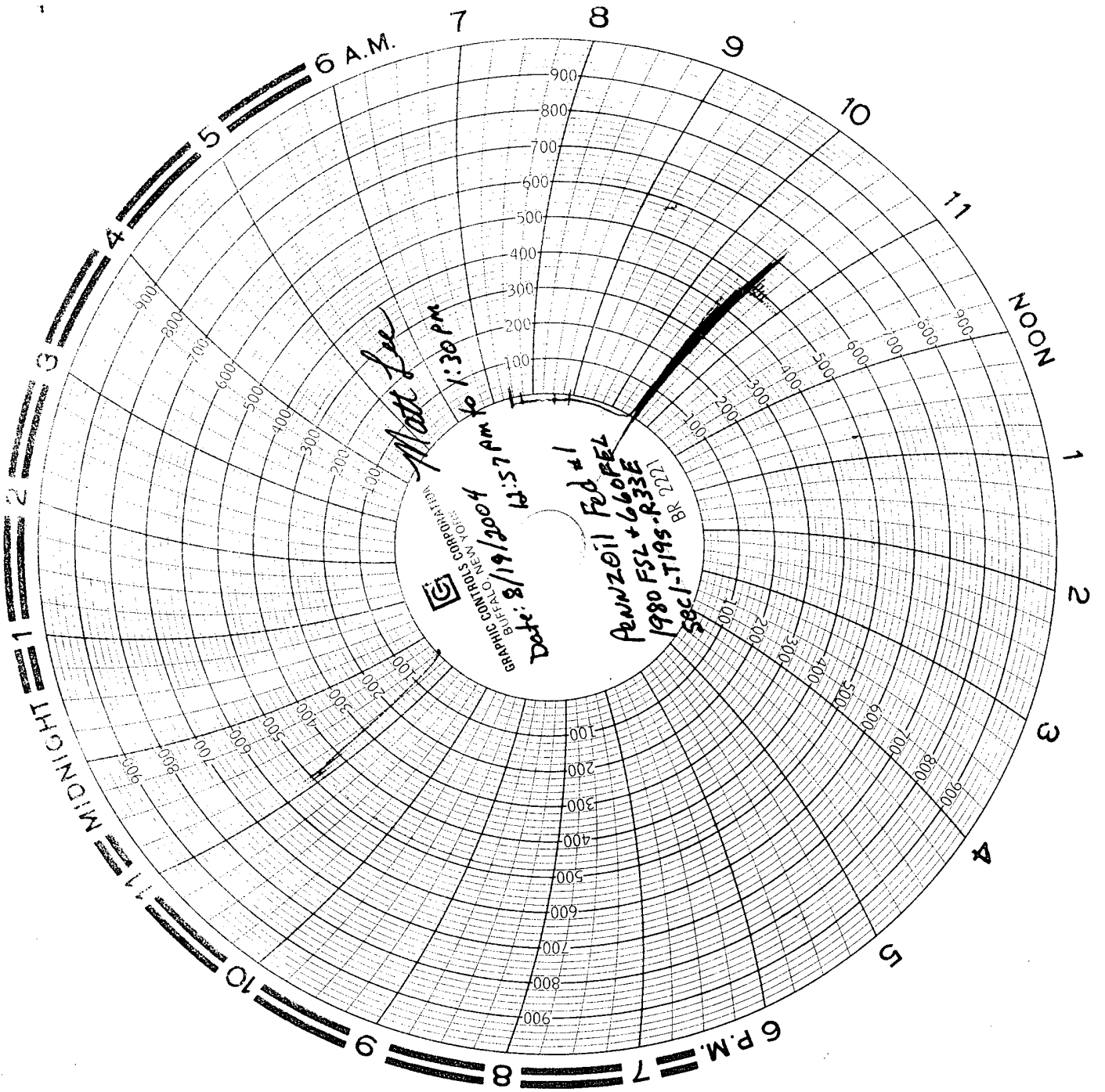
Date

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.

BWW



TIGHT HOLE-PLEASE DO NOT RELEASE ANY INFORMATION ON THIS WELL

Pennzoil Federal #1
EK Bone Spring
Lea County, New Mexico

** ALL COSTS ARE FIELD ESTIMATES **

08/05/04 Test anchors. MIRU pulling unit. Unhang well. POOH & LD 119 - 1" T66 rods, 153 - 7/8" T66 rods. Found pin break on 153rd 7/8" rod dn from surface. Still have 89 - 7/8" rods, 10 K-Bars & pump in hole. ND wellhead. NU BOP. Release TAC. SD for pulling unit repairs. SI & SDFN.

Current Operation This AM: POH w/ tbg.

DC Intangible: \$7,403

DC Tangible: \$0

TC Intangible: \$7,403

TC Tangible: \$0

AFE Intangible: \$144,829

AFE Tangible: \$2,491

BAL Intangible: \$137,426

BAL Tangible: \$2,491

Daily Costs Intangible:

\$450 Supervision

\$30 Phone

\$800 Contract Labor

\$1,100 Rental - Misc

\$1,200 Road & Location Exp

\$3,150 Pulling/ Swabbing Unit

\$673 10% Contingencies

08/06/04 Road crew to location. POOH w/tbg to rods. Unseat pump, LD rods & pump. POOH w/tbg & TAC, LD TAC. MIRU JSI. RIH w/gauge ring/GR/CCL, log from 9,378' to 8,800'. Correlate on depth. RIH w/5 1/2" CIBP, correlate on depth. Set CIBP @ 9,285'. POOH. Dump bail 35'cmt on top of CIBP in 2 runs. New PBTD @ 9,250'. RDMO JSI. SI & SDFW.

Current Operation This AM: Pickle Tbg.

DC Intangible: \$11,947

DC Tangible: \$0

TC Intangible: \$19,350

TC Tangible: \$0

AFE Intangible: \$144,829

AFE Tangible: \$2,491

BAL Intangible: \$125,479

BAL Tangible: \$2,491

Daily Costs Intangible:

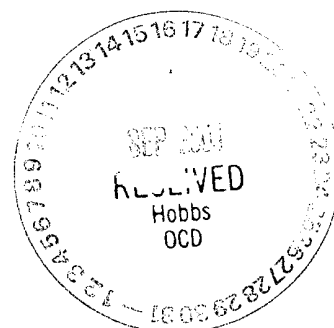
\$450 Supervision

\$30 Phone

\$7,401 Logging

\$2,980 Pulling/ Swabbing Unit

\$1,086 10% Contingencies



TIGHT HOLE-PLEASE DO NOT RELEASE ANY INFORMATION ON THIS WELL

Pennzoil Federal #1
 EK Bone Spring
 Lea County, New Mexico

**** ALL COSTS ARE FIELD ESTIMATES ****

08/09/04 Road crew to location. RIH w/1 - 4 5/8" bit, 1 - 5 1/2" scraper, 1 - 2 7/8" SSN w/2.25" ID, 297 jts 2 7/8" N80 6.5# EUE 8rd tbg. Bit setting@ 9,238' (using 7' of 14' KB). MIRU BJ Services. Pickle dn tbg & out annulus w/300 gals (7 bbls) xylene, 800 gals (19 bbls) 15% HCL pickle acid & 200 bbls 2% KCL wtr loaded w/1 gpt BJ Clay Master 5C. Test to 1,500# & hold for 10 minutes. OK. RDMO BJ Services. RU to swab. IFL @ surface. Made 14 runs & rec'd 95 bbls wtr. FFL @ 5,800'. RD swab. POOH w/tbg. SI & SDFN.

Current Operation This AM: Perforate.

DC Intangible:	\$10,137	AFE Intangible:	\$144,829
DC Tangible:	\$0	AFE Tangible:	\$2,491
TC Intangible:	\$29,487	BAL Intangible:	\$115,342
TC Tangible:	\$0	BAL Tangible:	\$2,491

Daily Costs Intangible:

\$450	Supervision
\$30	Phone
\$150	Rental - Misc
\$3,250	Pulling/ Swabbing Unit
\$900	Xylene
\$4,435	Pickle
\$922	10% Contingencies

08/10/04 MIRU JSI E.L. RIH w/3 1/8" x 14' slick gun loaded w/4 JSPF, 120 degree phasing/CCL. Correlate on depth. Perforate from 9,068'-9,082', 56 holes. No blow or suck on csg. POOH. RDMO JSI. MIRU Hydrostatic tbg testers. Hydrostatically TIH to 7,000# above slips w/1 -2 7/8" x 4' N80 tbg sub w/re-entry guide, 1 - 2 7/8" x 5 1/2" 17-20# Baker Hornet 10K pkr, 1 - 2 7/8" SSN w/2.25" ID, 288 jts 2 7/8" N806.5# EUE 8rd tbg. Found 1 jt w/bad threads. RDMO tbg testers. Set pkr in 15K compression @ 8,974' (re-entry guide @ 8,983'). ND BOP. NU wellhead. MIRU pump truck. Load annulus w/70 bbls 2% KCL wtr loaded w/1 gpt BJ Clay Master 5C, test to 1,500# & hold for 10 min. OK. RDMO pump truck. RIH w/swab. IFL @ 5,100'. Made 4 swab runs & rec'd 10 bbls wtr w/no show of oil or gas. FFL @ 8,974' (SN). Left open to frac tank. SDFN.

Current Operation This AM: Acidize & swab.

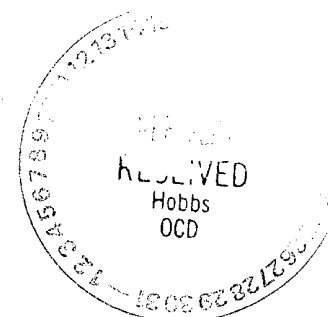
DC Intangible:	\$13,946	AFE Intangible:	\$144,829
DC Tangible:	\$2,200	AFE Tangible:	\$2,491
TC Intangible:	\$43,433	BAL Intangible:	\$101,396
TC Tangible:	\$2,200	BAL Tangible:	\$291

Daily Costs Intangible:

\$450	Supervision
\$30	Phone
\$350	Contract Labor
\$2,100	Water
\$1,200	Pump/Vacuum Truck
\$150	Rental - Misc
\$3,472	Wireline Services
\$3,170	Pulling/ Swabbing Unit
\$1,756	Tubular testing
\$1,268	10% Contingencies

Daily Costs Tangible:

\$900	Well Head Equipment
\$1,300	Down-Hole Equipment



TIGHT HOLE-PLEASE DO NOT RELEASE ANY INFORMATION ON THIS WELL

Pennzoil Federal #1
EK Bone Spring
Lea County, New Mexico

** ALL COSTS ARE FIELD ESTIMATES **

08/11/04 Road crew to location. Tbg open to frac tank w/no gas blow. RIH w/swab to SN @ 8,974', could not see fluid level, rec'd minimal amount of wtr w/no show of oil, tbg on vac. MIRU Guardian tree saver, BJ Services & Lobo pump truck to hold press on annulus & monitor. Conduct safety meeting. Test lines to 8,000#. Treat dn 2 7/8" N80 tbg w/2,000 gals (42 bbls) 7.5% HCL Bone Springs acid dropping 60 - 7/8" ballsealers in clusters of 15 thru acid volume. Tbg loaded @ 43 bbls pumped, increased rate to 5 bpm, broke back @ 4,600# & leveled out @ 4,340# @ 5 bpm, flushed w/52 bbls 2% KCL wtr loaded w/1 gpt BJ Clay Master 5C, began balling out w/pressing rising to 5,600#, slowed dn rate, increased rate to 5 bpm w/press leveling off @ 4,500#, pumped 58 bbls total flush. SD. ISDP 3,123#, 5 min 2,958#, 10 min 2,878#, 15 min 2,818#. Max press 5,600#, Avg press 4,340#, Min press 4,340#. RDMO BJ, Guardian & pump truck. SITP after 45 min @ 2,270#. Opened to frac tank, flowed back 1 bbl wtr. RIH w/swab, IFL @ surface, made 8 swab runs & rec'd 50 bbls wtr w/trace of acid & no show of oil. Tbg on vac after each run. Well dried up. SD for 1 hr. RIH w/swab, found no fluid in well. Tbg on vac. Left open to frac tank on 20/64" choke. SDFN. Began w/117 bbls load to recover, recovered 51 bbls today, have 66 bbls to recover. SDFN. NOTE: Saw no ball action until 52 bbls into flush.

Current Operation This AM: Swab.

DC Intangible:	\$12,680	AFE Intangible:	\$144,829
DC Tangible:	\$0	AFE Tangible:	\$2,491
TC Intangible:	\$56,113	BAL Intangible:	\$88,716
TC Tangible:	\$2,200	BAL Tangible:	\$291

Daily Costs Intangible:

\$450	Supervision
\$30	Phone
\$900	Pump/Vacuum Truck
\$150	Rental - Misc
\$2,890	Pulling/ Swabbing Unit
\$2,014	Guardian Tree Saver
\$5,093	Stimulation
\$1,153	10% Contingencies

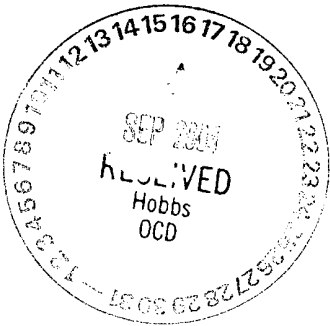
08/12/04 Road crew to location. Tbg open to frac tank on 20/64" choke w/no gas blow. RIH w/swab. IFL @ 8,300'. Made 1 run & rec'd 5 bbls wtr w/3-5% oil cut. Well dried up. SD 1 hr. RIH w/swab, no fluid in well. SD 2 hrs. RIH w/swab, no fluid in well. Tbg on vac. ND wellhead. NU BOP. SI & SDFN.

Current Operation This AM: POOH w/pkr and set CIBP.

DC Intangible:	\$3,278	AFE Intangible:	\$144,829
DC Tangible:	\$0	AFE Tangible:	\$2,491
TC Intangible:	\$59,391	BAL Intangible:	\$85,438
TC Tangible:	\$2,200	BAL Tangible:	\$291

Daily Costs Intangible:

\$450	Supervision
\$30	Phone
\$150	Rental - Misc
\$2,350	Pulling/ Swabbing Unit
\$298	10% Contingencies



TIGHT HOLE-PLEASE DO NOT RELEASE ANY INFORMATION ON THIS WELL

Pennzoil Federal #1
EK Bone Spring
Lea County, New Mexico

** ALL COSTS ARE FIELD ESTIMATES **

08/13/04 Road crew to location. SITP 20#. Quickly blew dn. MIRU pump truck. Load tbg w/45 bbls 2% KCL wtr loaded w/1 gpt BJ Clay Master 5C.Release pkr. RDMO pump truck. RIH w/swab. IFL @ surface. Made 14 runs & rec'd 83 bbls wtr. FFL @ 4,000'. POOH w/tbg & pkr. LD pkr & send into shop. MIRU JSI E.L. RIH w/gauge ring/GR/CCL to 9,068'. Log from 8,100'-7,600'. Correlate on depth. POOH. RIH w/5 1/2" CIBP/CCL, correlate on depth. Set CIBP @ 9,030', isolating perfs from 9,068'-9,082'. POOH. Dump bail 35' cmt on top of plug in2 runs. New PBTD @ 8,995'. RDMO JSI. SI & SDFW.

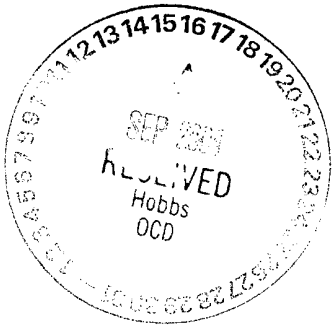
Current Operation This AM: Perforate Monday A.M.

DC Intangible:	\$13,000	AFE Intangible:	\$144,829
DC Tangible:	\$1,300	AFE Tangible:	\$2,491
TC Intangible:	\$72,391	BAL Intangible:	\$72,438
TC Tangible:	\$3,500	BAL Tangible:	(\$1,009)
Daily Costs Intangible:		Daily Costs Tangible:	
\$450 Supervision		\$1,300 Down-Hole Equipment	
\$30 Phone			
\$400 Contract Labor			
\$900 Pump/Vacuum Truck			
\$150 Rental - Misc.			
\$7,108 Wireline Services			
\$2,780 Pulling/ Swabbing Unit			
\$1,182 10% Contingencies			

08/16/04 Road crew to location. MIRU JSI E.L. RIH w/3 1/8" x 16' slick gun loaded w/4 JSPF, 120 degree phasing/CCL. Correlate on depth. Perf from 7,828'-7,844' (64 holes). POOH. No chg in F.L., no blow or suck on csg. RDMO JSI. RIH w/1 - 2 7/8" x 4' N80 tbg sub w/re-entry guide, 1 - 2 7/8" x 5 1/2" 17-20# Baker Hornet 10K pkr, 1 - 2 7/8" SSN w/2.25" ID, 248 jts 2 7/8" N80 6.5# EUE 8rd tbg. Set pkr in 12Kcompression @ 7,734' w/14' KB, bottom of re-entry guide @ 7,743'. ND BOP. NU wellhead. MIRU Lobo pump truck. Load annulus w/55bbls 2% KCL wtr loaded w/1 gpt BJ Clay Master 5C. Test to 1,000#. OK. RDMO pump truck. RIH w/swab. IFL @ 4,300'. Made 6 runs &dried up. Rec'd 21 bbls wtr w/no oil show or gas. Tbg on vac. SD 1 hr. RIH w/swab, had no fluid entry. Left open to frac tank on 20/64" choke. SDFN.

Current Operation This AM: Acidize.

DC Intangible:	\$9,163	AFE Intangible:	\$144,829
DC Tangible:	\$1,100	AFE Tangible:	\$2,491
TC Intangible:	\$81,554	BAL Intangible:	\$63,275
TC Tangible:	\$4,600	BAL Tangible:	(\$2,109)
Daily Costs Intangible:		Daily Costs Tangible:	
\$450 Supervision		\$1,100 Wellhead Equipment	
\$30 Phone			
\$400 Contract Labor			
\$900 Pump/ Vacuum Truck			
\$450 Rental - Misc			
\$3,320 Wireline Services			
\$2,780 Pulling/ Swabbing Unit			
\$833 10% Contingencies			



TIGHT HOLE-PLEASE DO NOT RELEASE ANY INFORMATION ON THIS WELL

Pennzoil Federal #1
EK Bone Spring
Lea County, New Mexico

**** ALL COSTS ARE FIELD ESTIMATES ****

08/17/04 Road crew to location. No press on tbg. RIH w/swab, had no fluid entry overnight. Tbg on vac. MIRU Guardian tree saver, BJ Services, Lobo pump truck. Conduct safety meeting. Test lines to 8,000#. Treat Bone Springs perfs from 7,828'-7,844' via 2 7/8" tbg as follows: 1,500 gals(36 bbls) 7.5% Bone Springs acid, dropping 75 - 7/8" ball sealers in clusters of 15 thru acid volume, tbg loaded @ 38 bbls pumped, broke dn perfs @ 4,933#, treated @ avg press of 4,664# @ 6 bpm avg. Flush to top perf w/47 bbls 2% KCL wtr loaded w/1 gpt BJ ClayMaster 5C. Saw slight ball action. SD. ISDP 3,511#, 5 min 3,139#, 10 min 3,009#, 15 min 2,898#. RDMO Guardian, BJ & Lobo pump truck. SITP after 45 minutes 2,538#. Open tbg to frac tank, quickly bled dn w/no flow to tank. Have 83 bbls load to recover. RIH w/swab. IFL @ surface. Made 8 swab runs & dried up. Rec'd 46 bbls wtr w/no oil or gas show. Tbg on vac. SD 1 hr. RIH w/swab. IFL @ 7,500' (SN@ 7,734'). Rec'd 1 bbl acid wtr w/no oil or gas show. Tbg on vac. SD 1 hr. RIH w/swab. IFL @ 7,600', did not recover any fluid. Rec'd 47bbls wtr today, have 36 bbls load left to recover. Left open to frac tank on 20/64" choke. SDFN.

Current Operation This AM: Swab.

DC Intangible:	\$13,085
DC Tangible:	\$0
TC Intangible:	\$94,639
TC Tangible:	\$4,600

AFE Intangible:	\$144,829
AFE Tangible:	\$2,491
BAL Intangible:	\$50,190
BAL Tangible:	(\$2,109)

Daily Costs Intangible:

\$450	Supervision
\$30	Phone
\$900	Pump/ Vacuum Truck
\$150	Rental - Misc
\$2,780	Pulling/ Swabbing Unit
\$2,014	Special Services
\$5,571	Stimulation
\$1,190	10% Contingencies

08/18/04 Road crew to location. Tbg open to frac tank on 20/64" choke w/no press or gas blow. RIH w/swab. IFL @ 7,600'. Rec'd trace of fluid w/ oil show. Tbg on vac. SD 1hr. RIH w/swab, had no fluid entry. SD 2 hrs. RIH w/swab, had no fluid entry. ND wellhead. NU BOP. MIRU pump truck. Load tbg w/42 bbls 2% KCL wtr loaded w/1 gpt BJ Clay Master 5C. Release pkr. POOH w/tbg & pkr. LD pkr & send into shop. SI & SDFN.

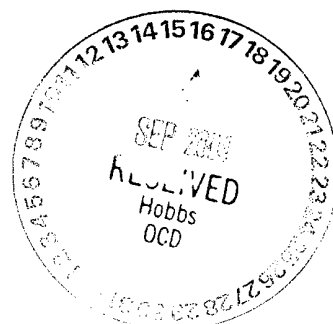
Current Operation This AM: Set CIBP & circ pkr fluid.

DC Intangible:	\$6,369
DC Tangible:	\$0
TC Intangible:	\$101,008
TC Tangible:	\$4,600

AFE Intangible:	\$144,829
AFE Tangible:	\$2,491
BAL Intangible:	\$43,821
BAL Tangible:	(\$2,109)

Daily Costs Intangible:

\$450	Supervision
\$30	Phone
\$1,500	Contract Labor
\$900	Pump/ Vacuum Truck
\$150	Rental - Misc
\$2,760	Pulling/ Swabbing Unit
\$579	10% Contingencies



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Pennzoil Federal #1
EK Bone Spring
Lea County, New Mexico

** ALL COSTS ARE FIELD ESTIMATES **

08/19/04 MIRU JSI. RIH w/5 1/2" CIBP/CCL. Correlate on depth. Set CIBP @ 7,778' (plugging off
perfs from 7,828'-7,844'). Dump bail 35' cmt on top of CIBP in 2 runs. New PBTD @
7,743'. RDMO JSI. RIH w/244 jts 2 7/8" N80 6.5# EUE 8rd tbg. MIRU pump truck. Circ
dn annulus& out tbg to frac tank w/180 bbls 2% KCL wtr loaded w/dbl inhibited pkr fluid.
Test to 500# & hold for 30 minutes, charting for OCD csg integrity test. OK. RDMO pump
truck. POOH & LD tbg. ND BOP. NU wellhead. RDMO pulling unit. Final Report.

Current Operation This AM: Well TA'd.

DC Intangible:	\$10,307	AFE Intangible:	\$144,829
DC Tangible:	\$0	AFE Tangible:	\$2,491
TC Intangible:	\$111,315	BAL Intangible:	\$33,514
TC Tangible:	\$4,600	BAL Tangible:	(\$2,109)

Daily Costs Intangible:

\$450	Supervision
\$30	Phone
\$1,200	Pump/ Vacuum Truck
\$150	Rental - Misc
\$4,390	Wireline Services
\$3,150	Pulling/ Swabbing Unit
\$937	10% Contingencies

