District I
1625 N. French Dr., Hobbs, 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 & Natural Resources

Oil Conservation Divsiion
1220 S. St. Francis Dr.
Santa Fe, NM 87505

Form C-101
March 4, 2004
Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

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

[1] Operator Name and Address	[2] OGRID Number
Nearburg Producing Company 3300 N A St., Bldg 2, Ste 120, Midland, TX 79705	015742
	[3] API Number 30- 025- 36979

[4] Property Code	[5] Property Name	[6] Well No.
34433	Outland 14 State	1

[7] Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
C	14	21S	34E		660	North	1650	West	Lea

[8] Proposed 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

[9] Proposed Pool 1	[10] Proposed Pool 2
Wilson; Morrow	

Drilling Pit Location and Other Information

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
C	14	21S	34E						Lea

Depth to ground water	Distance from nearest fresh water well	Distance from nearest surface water

[11] Work Type Code	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	Ground Level Elevation
N	G	R	S	3701

[16] Multiple	[17] Proposed Depth	[18] Formation	[19] Contractor	[20] Spud Date
No	13500'	Morrow	Patterson	12/1/04

[21] Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2	13-3/8	54.5	1300	900	Surface
12-1/4	9-5/8	36 & 40	5750	2200	1000
8-3/4	5-1/2	17 & 20	13500	865	9500

[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.

NPC proposes to drill the well to a sufficient depth to evaluate the Morrow formation. After reaching TD, logs will be run and casing set if the evaluation is positive. Perforate, test and stimulate as necessary to establish production.

Permit Expires 1 Year From Approval Date Unless Drilling Underway

[23] I hereby certify that the information given above is true and complete to the best of my knowledge and belief. **I further certify that the drilling pit will be constructed according to NMOCD guidelines** [X] **a general permit** ☐, **or an (attached) alternative OCD-approved plan** ☐.

Signature: Sarah Jordan

Printed name: Sarah Jordan

Title: Production Analyst

E-mail Address: sjordan@nearburg.com

Date: 11/22/04

Phone: 432/686-8235 x 203

OIL CONSERVATION DIVISION

Approved by:

Title: PETROLEUM ENGINEER

Approval Date: NOV 29 2004

Expiration Date:

Conditions of Approval:

Attached ☐

DISTRICT I
1625 N. FRENCH DR., HOBBS, 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 JUNE 10, 2003
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
30-025-36979	87460	WILSON, MORROW

Property Code	Property Name	Well Number
34433	OUTLAND 14 STATE	1

OGRID No.	Operator Name	Elevation
015742	NEARBURG PRODUCING COMPANY	3701'

Surface Location

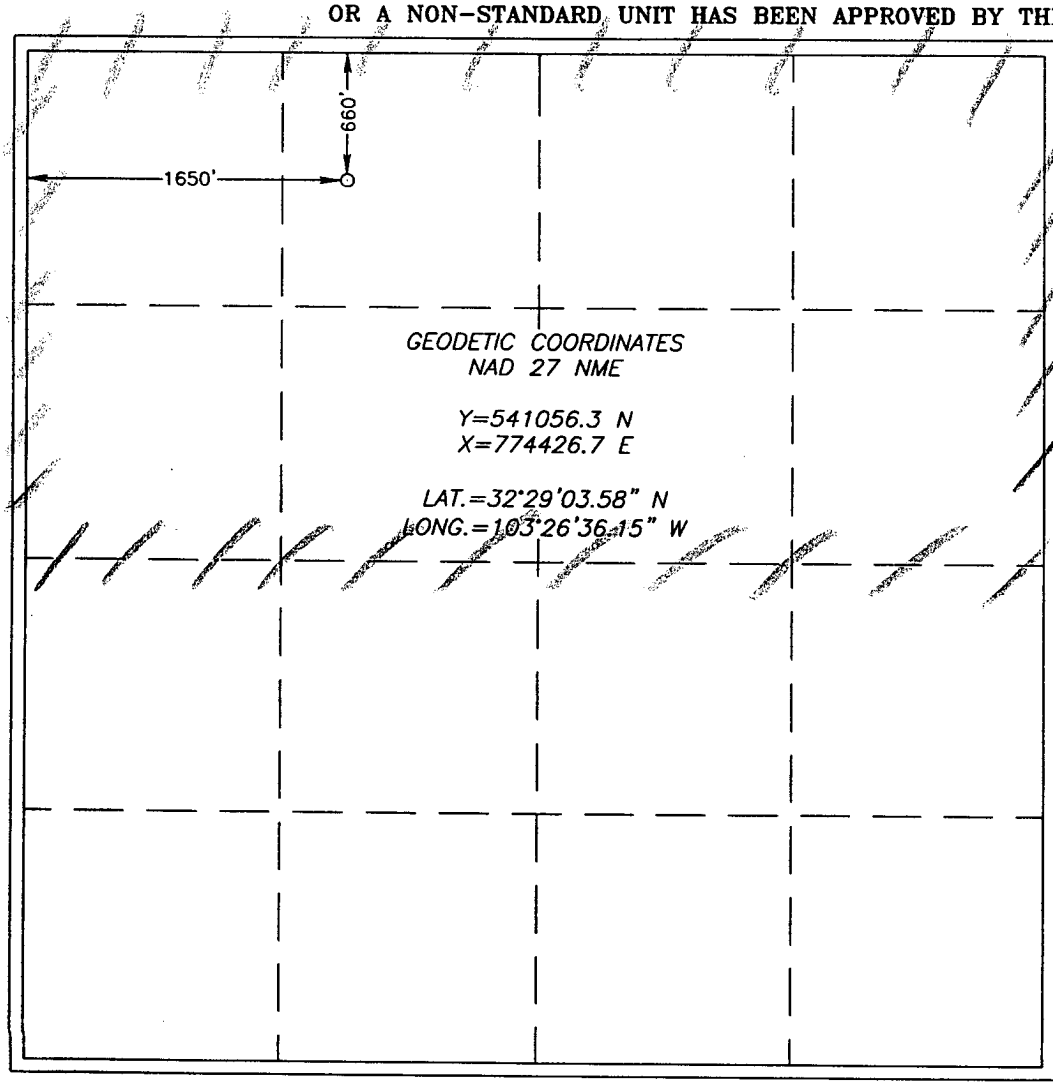
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	14	21-S	34-E		660'	NORTH	1650'	WEST	LEA

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 Infill	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



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Sarah Jordan
Printed Name

Prod Analyst
Title

11-23-04
Date

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 supervison, and that the same is true and correct to the best of my belief.

JUNE 14, 2004
Date Surveyed JR

Signature & Seal of Professional Surveyor

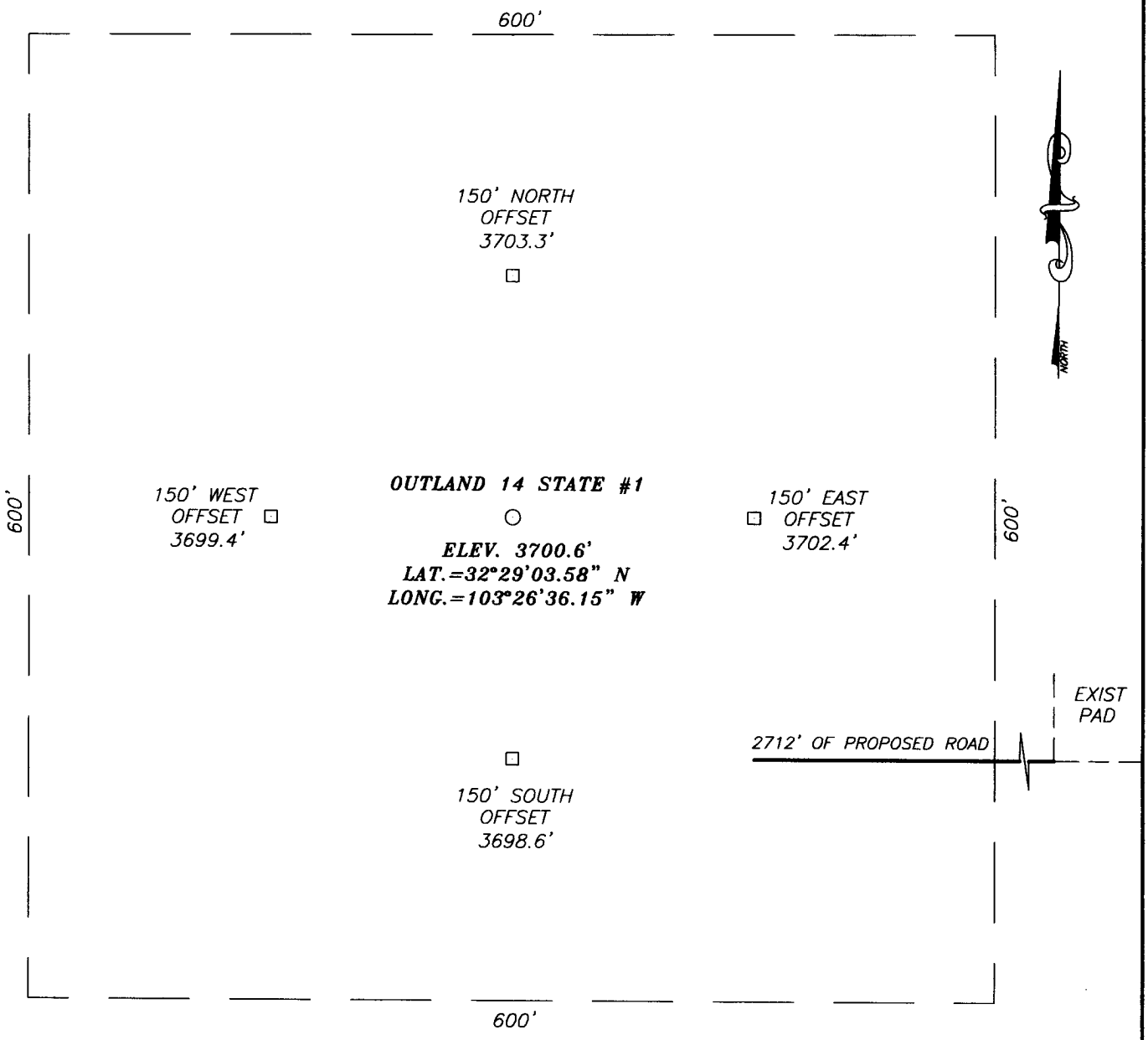
Gary B. Eidson 6/17/04

04.11.0710

Certificate No. GARY EIDSON 12641

SECTION 14, TOWNSHIP 21 SOUTH, RANGE 34 EAST, N.M.P.M.,

LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM FROM THE INTERSECTION OF U.S. HWY. 62–180 AND ST. HWY. #176 GO SOUTH SOUTHEAST ON ST. HWY. #176 TO MILEPOST 8.3. TURN RIGHT THROUGH CATTLEGUARD WITH SIGN FOR THE CONOCO CORNER POCKET #1 WELL. GO SOUTH 0.4 MILES TO THE CORNER POCKET WELL, AT THE SW CORNER OF WELL FOLLOW PROPOSED ROAD SURVEY 2712' TO THIS LOCATION.

100 0 100 200 Feet

Scale:1"=100'

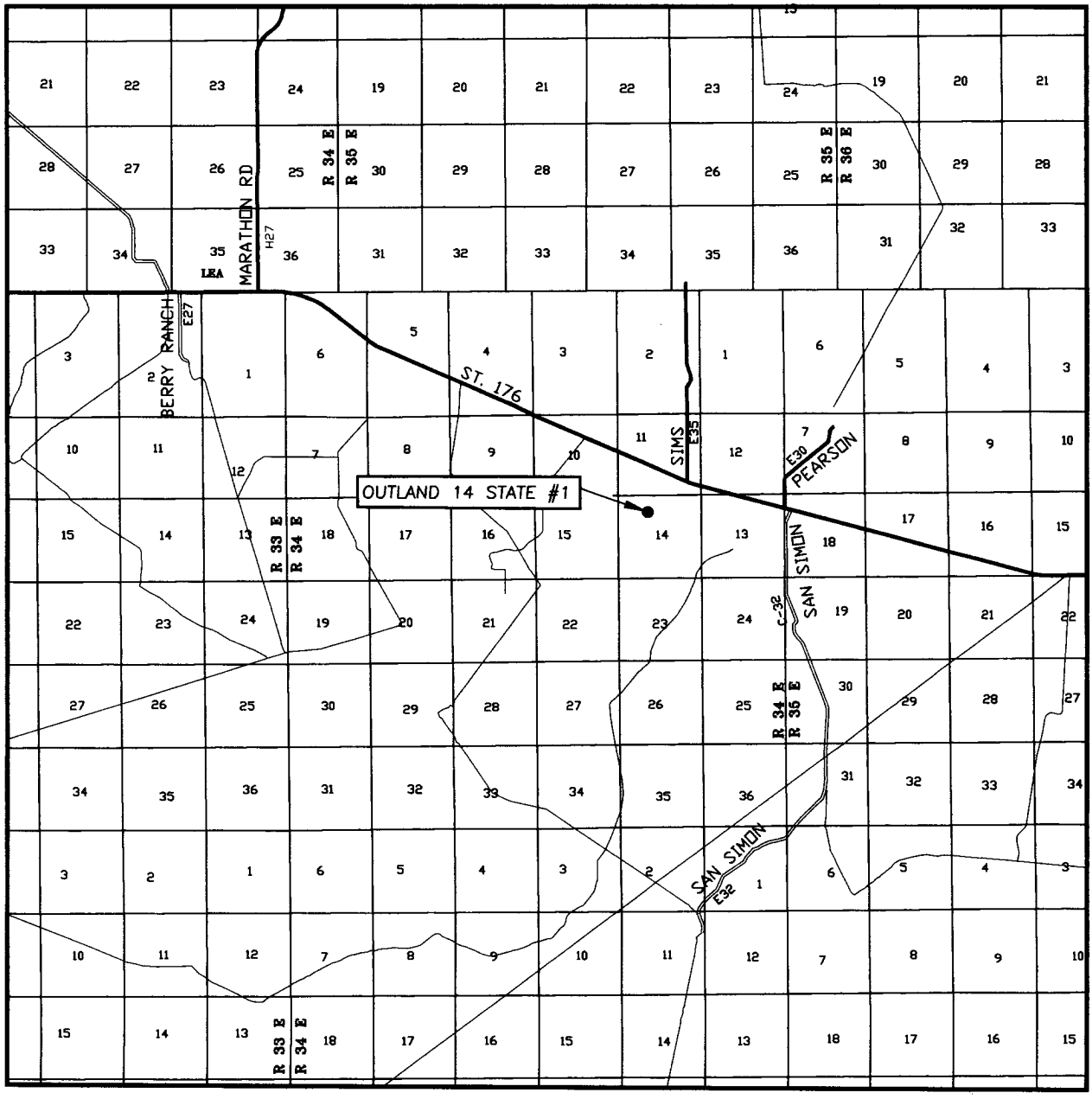
PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

NEARBURG PRODUCING COMPANY

OULAND 14 STATE #1 WELL
LOCATED 660 FEET FROM THE NORTH LINE
AND 1650 FEET FROM THE WEST LINE OF SECTION 14,
TOWNSHIP 21 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 06/14/04	Sheet 1 of 1 Sheets		
W.O. Number: 04.11.0710	Dr By: J. RIVERO	Rev 1:N/A	
Date: 06/16/04	Disk: CD#10	04110710	Scale:1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 14 TWP. 21-S RGE. 34-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 660' FNL & 1650' FWL

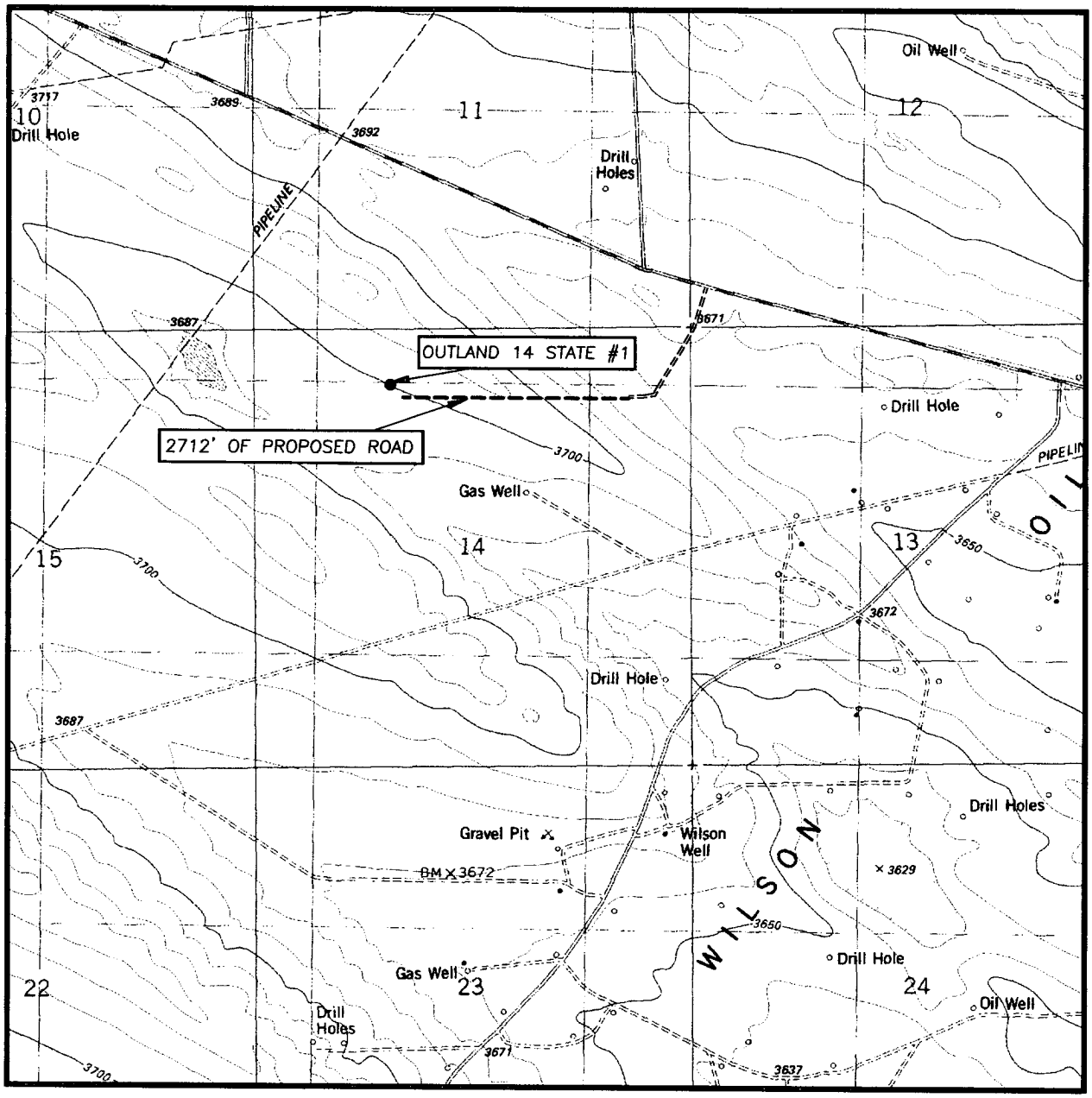
ELEVATION 3701'

OPERATOR NEARBURG PRODUCING COMPANY

LEASE OUTLAND 14 STATE

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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
SAN SIMON RANCH, N.M. – 10'

SEC. 14 TWP. 21-S RGE. 34-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 660' FNL & 1650' FWL

ELEVATION 3701'

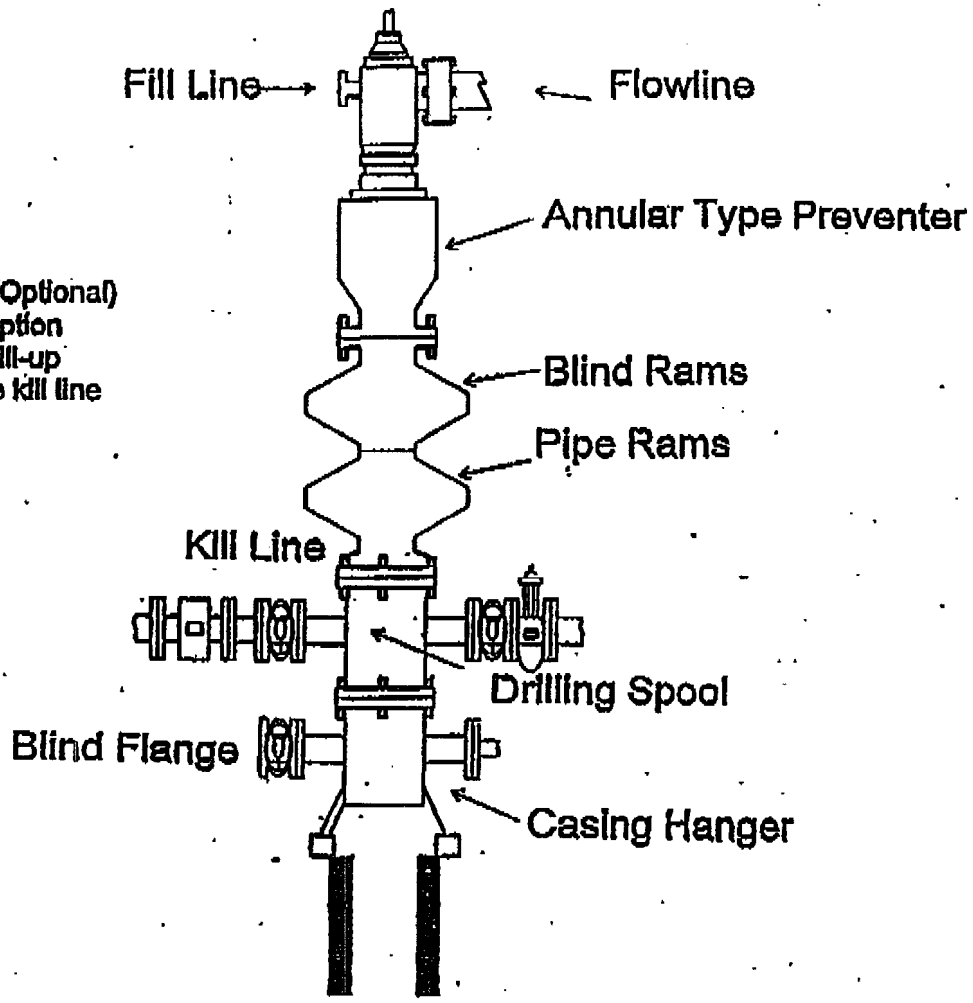
OPERATOR NEARBURG PRODUCING COMPANY

LEASE OUTLAND 14 STATE

U.S.G.S. TOPOGRAPHIC MAP
SAN SIMON RANCH, N.M.

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

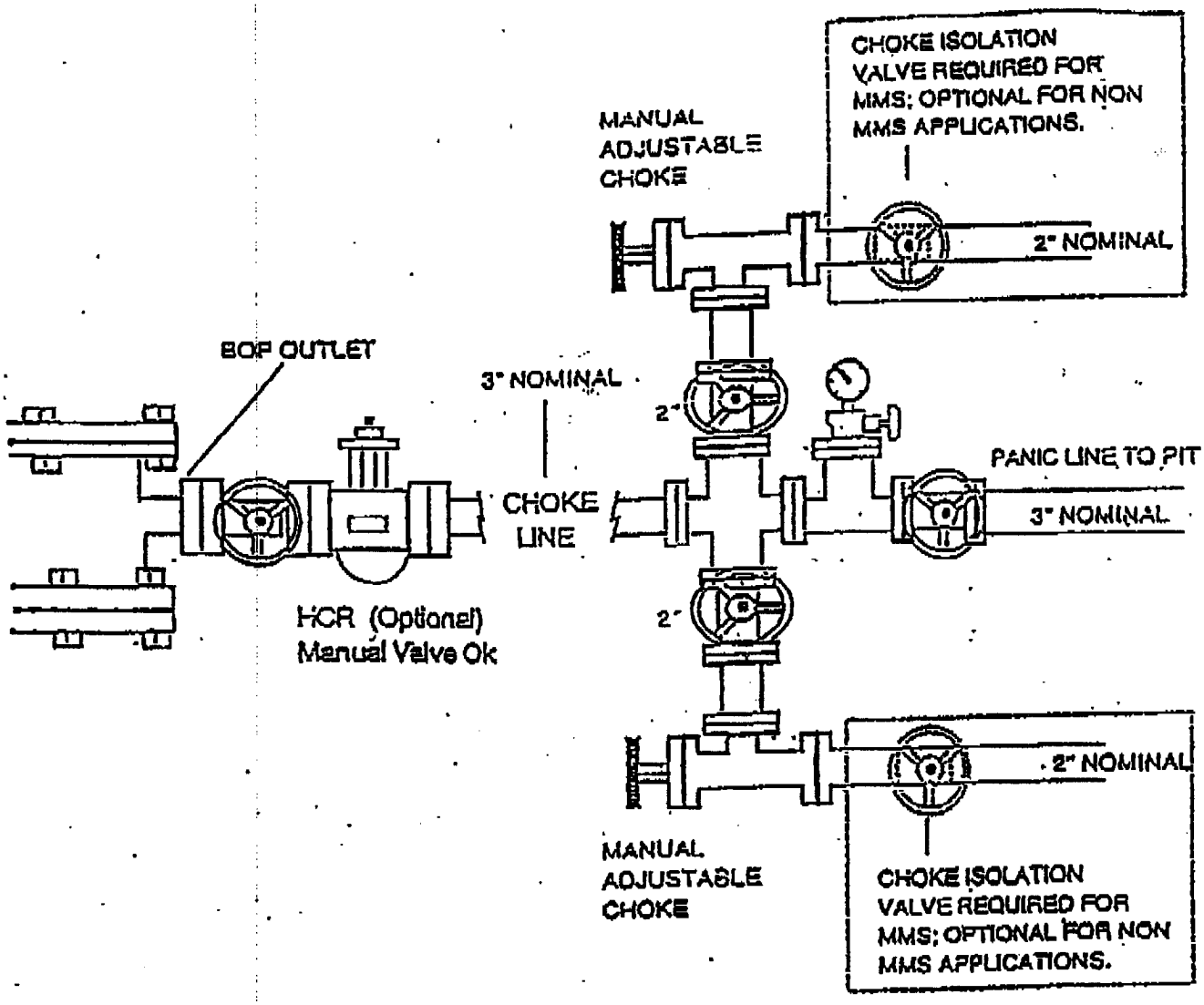
BOPE SCHEMATIC



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

1500 Series

MARBURG PRODUCING COMPANY
CHOKE MANIFOLD
5M SERVICE



Anchor Drilling Fluids USA, Inc.

NEARBURG PRODUCING COMPANY

3300 North "A" Street, Bldg. 2, Ste. 120
Midland, Texas 79705

OUTLAND SOUTH '14' STATE #1

13,500' Morrow Test
Section 14, T-21S, R-34E
Lea County, New Mexico

Prepared for:

Mr. Butch Willis

Prepared by:

Greg Fore
Anchor Drilling Fluids USA, Inc.

November 23, 2004

Anchor Drilling Fluids USA, Inc.
5715 N. Western Ave.
Suite A
Oklahoma City, Oklahoma 73118
Tel.: (405) 842-4199
Fax: (405) 848-0226

November 23, 2004

Mr. Butch Willis
NEARBURG PRODUCING COMPANY
3300 North "A" Street, Bldg. 2, Ste. 120
Midland, Texas 79705

Re: OUTLAND SOUTH '14' STATE #1
13,500' Morrow Test
Section 14, T-21S, R-34E
Lea County, New Mexico

Dear Mr. Willis:

Thank you for the opportunity to submit our drilling fluids recommendations for your upcoming 13,500' Morrow Test located in Section 14, T-21S, R-34E of Lea County, New Mexico.

Anchor Drilling Fluids USA, Inc. estimates the total fluids cost for the OUTLAND SOUTH '14' STATE #1 at $45,000.00 - $50,000.00. This price includes all material, drayage and daily engineering services to Total Depth (13,500'±) and is based on 28 - 30 days drilling time. In the event of abnormal formation pressure, loss circulation, deviation from the recommended fluids program and/or any other reasons for prolonged days on location, cost will rise with severity. All applicable taxes and surcharges are additional.

Our stock point for this area is located in Jal, New Mexico, (432) 561-9872. Your engineer for this well will be Robby Beavers, (432) 664-2989.

Thank you again Mr. Willis, for the opportunity to join forces with you in this prospect. Please call Dan Jordan in Tulsa, Oklahoma (918) 583-7701, Ken Bizzell in Oklahoma City, Oklahoma, (405) 842-4199 or the undersigned in Midland, Texas, (432) 561-9872 if you have any further questions or suggestions.

Sincerely,

Greg Fore/rre

Greg Fore
Sr. Drilling Fluids Engineer

GF/rre

Enclosures

NEARBURG PRODUCING COMPANY

Project Description & Fact Sheet:

Date:	November 23, 2004		
Operator:	NEARBURG PRODUCING COMPANY		
Well Name:	OUTLAND SOUTH '14' STATE #1		
Depth:	13,500' Morrow Test		
Legal Description:	Section 14, T-21S, R-34E		
County:	Lea		
State:	New Mexico		
Days on well:	28 - 30 days		
Fluid Type:	Native / Brine / Polymer		
Fluids Cost:	$45,000.00 - $50,000.00 *(plus all applicable taxes and surcharges)*		
Warehouse:	Jal, New Mexico		
Warehouse Phone No.:	(432) 561-9872		
Mud Engineer:	Robby Beavers		
Mud Engineer Phone No.:	(432) 664-2989		
Contact Person:	Dan Jordan	Ken Bizzell	Greg Fore
Office Contact No.:	(918) 583-7701	(405) 842-4199	(432) 561-9872
Special Clauses:	*Prices valid for thirty (30) days. Estimated dollars exclude loss of circulation, unexpected pressures, deviation from fluids program and/or other reasons for prolonged days on location. Mud Dollars estimate includes materials, drayage and daily engineering services. Taxes and applicable surcharges are additional.*		

NEARBURG PRODUCING COMPANY
OUTLAND SOUTH '14' STATE #1
13,500' MORROW TEST
SECTION 14, T-21S, R-34E
LEA COUNTY, NEW MEXICO

FORMATION TOPS

Rustler	1,760'±
Yates (1)	3,627'±
Delaware	5,827'±
Bone Spring (2)	7,987'±
1st Bone Spring Sand	9,511'±
2nd Bone Spring Sand	10,123'±
3rd Bone Spring Sand	11,033'±
Wolfcamp	11,527'±
Strawn	11,867'±
Atoka (3)	12,108'±
Morrow (3)	12,327'±
Morrow Shale Marker	12,625'±
Morrow "B"	12,821'±
Morrow "C"	13,187'±
Total Depth	13,500'±

(1) Potential pressure
(2) Potential H_2S
(3) Water sensitive shale

NEARBURG PRODUCING COMPANY
OUTLAND SOUTH '14' STATE #1
13,500' MORROW TEST
SECTION 14, T-21S, R-34E
LEA COUNTY, NEW MEXICO

CASING PROGRAM

Depth	Hole Size	Casing Size
1,300'±	17 1/2"	13 3/8"
5,750'±	12 1/4"	9 5/8"
13,500'±	8 3/4"	5 1/2"

DRILLING FLUIDS RECOMMENDATIONS

Depth - Start	Depth - End	Mud Weight (lb/gal)	Viscosity (sec/qt)	Fluid Loss (cc)	LCM (lb/bbl)
0'	1,300'±	8.4 - 9.0	27 - 34	No Control	As Needed
1,300'±	5,750'±	8.4 - 10.0	28 - 34	No Control	As Needed
5,750'±	13,500'±	8.4 - 10.0*	45 - 50*	20 - 4cc*	As Needed

* Initial mud up at 9,500'±, 45 sec/qt viscosity, 20 - 15cc API fluid loss.
By 12,000'±, increase mud weight to 10.0 ppg and reduce API fluid loss to 6 - 4cc.

MATERIALS BY DEPTH

Depth - Start	Depth - End	Materials
0'±	1,300'±	Anco Gel, Soda Ash, Lime, 3% Oil by volume, Fiber Plug, Fiber Seal and Paper.
1,300'±	5,750'±	Anco Salt Gel, Lime, Caustic Soda, Anco Drill N, Paper, Fiber Plug and Fiber Seal (if needed).
5,750'±	13,500'±	Anco Flowzan, Soda Ash, Caustic Soda, Starch, Aqua Pac, Anco Phalt S, Anco WT-10, Anco Foambreak, Fiber Plug, Fiber Seal, Ancobar, Zinc Carbonate*.

* Potential H2S in Bone Spring.

NEARBURG PRODUCING COMPANY
OUTLAND SOUTH '14' STATE #1
13,300' MORROW TEST
SECTION 14, T-21S, R-34E
LEA COUNTY, NEW MEXICO

Depth	Mud Weight (lb/gal)	Viscosity (sec/qt)	Fluid Loss (cc)	LCM (lb/bbl)
0' - 1,300'±	8.4 - 9.0	27 - 34	No Control	As Needed

Native spud mud is recommended with additions of Anco Gel and Lime for desired viscosity and hole cleaning. Add 3% oil and Anco Drill N for red bed inhibition. Jet and clean shale and settling pits as needed with additions of fresh water to control mud weight. Prior to pulling out of hole to run 13 3/8" casing, circulate high viscosity (60 - 80 sec/qt) fluid to clean the hole.

Loss circulation is very likely in this interval. If losses are detected, add 16 - 18 ppb of fibrous LCM to the circulating system or dry drill with fresh water to the casing point. If dry drilling becomes necessary, reduce pump rate and pump a 20 bbl high viscosity pill (80+ sec/qt every 150' drilled. Spot a high viscosity LCM pill on bottom prior to running 8 5/8" casing.

Prior to drilling out from 13 3/8" surface casing, pits should be dumped and cleaned.

MATERIALS NEEDED: Anco Gel, Soda Ash, Lime, 3% Oil by volume, Fiber Plug, Fiber Seal and Paper.

Depth	Mud Weight (lb/gal)	Viscosity (sec/qt)	Fluid Loss (cc)	LCM (lb/bbl)
1,300' - 5,750'±	9.5 - 10.0	28 - 34	No Control	As Needed

Drill out from under 13 3/8" surface casing with brine water, circulating a controlled portion of the reserve pit. Utilize Anco Salt Gel pills while drilling with brine fluid.

Additions of Anco Drill N at the flowline (2-3 gal/tour) will flocculate fine drill solids enabling maximum rates of penetration. Tourly additions of drilling paper should be sufficient to control seepage losses. If lost circulation is encountered, pump premixed Anco Gel pills with 12 - 14 ppb of fibrous LCM.

Control pH at 9.5 - 10.0 with additions of Lime while circulating the reserve pit.

Check for flow tourly; Yates is known pressure zone.

MATERIALS NEEDED: Anco Salt Gel, Lime, Caustic Soda, Anco Drill N, Paper, Fiber Plug and Fiber Seal (if needed).

NEARBURG PRODUCING COMPANY
OUTLAND SOUTH '14' STATE #1
13,500' MORROW TEST
SECTION 14, T-21S, R-34E
LEA COUNTY, NEW MEXICO

Depth	Mud Weight (lb/gal)	Viscosity (sec/qt)	Fluid Loss (cc)	LCM (lb/bbl)
5,750' - 13,500'±	8.4 - 10.0	28 - 50*	15 - 4cc	As Needed

At 9,500'±, return circulation to steel pits and utilize Anco Flowzan (0.75 - 1.0 ppb) for 45 sec/qt viscosity, Starch (2 - 3 ppb) and Aqua Pac (0.75 - 1.0 ppb) for a 15cc water loss with Anco WT-10 (Biocide) as a preservative. If mud losses occur, add 6-8 ppb LCM to mud system.

Maintain pH 9.0 - 9.5 with additions of Caustic Soda.

Add Zinc Carbonate (1.0 - 1.5 ppb) to pretreat for H_2S.

Utilize Anco Flowzan as needed to maintain viscosity 45 sec/qt. Circulate to move cuttings above BHA prior to connections to reduce packing off and/or stuck pipe. Prior to trips, circulate at least bottoms up clean the hole. Optimum hydraulics should be maintained to provide maximum hole cleaning and minimize washout of wellbore.

Drilling with a minimum amount of overbalance will reduce the possibility of losing returns and/or of differentially sticking the drill string. The shale shaker cuttings should be monitored for signs of sloughing (pressure relieved) shale, which may indicate a need to increase the mud weight. Tight hole, fill on trips, torque or drag on connections and increasing connection gas may also be early indicators of the need to increase the mud weight to ensure stable hole conditions. Increase mud weight with sack Ancobar.

All drilling parameters and hole conditions, as in the preceding interval, should be closely monitored for any indication of hole instability. Prior to penetration of the Atoka Shale, reduce API fluid loss to 6 - 4cc, increase mud weight to 10.0 ppg, and add 2 - 3 ppb Anco Phalt S for shale stabilization.

If partial or total loss of circulation is detected, immediately pump a premixed LCM pill containing 20 - 25 ppb fibrous LCM only.

Prior to pulling out of hole to log, circulate high viscosity (60 - 80 sec/qt), 4cc API fluid loss pill to clean the hole.

MATERIALS NEEDED: Anco Flowzan, Soda Ash, Caustic Soda, Starch, Aqua Pac, Anco Phalt S, Anco WT-10, Anco Foambreak, Fiber Plug, Fiber Seal, Ancobar, Zinc Carbonate.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
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1000 Rio Brazos Road, Aztec, NM 87410
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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office.

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒
Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: Nearburg Producing Company Telephone: 686-8235 e-mail address: sjordan@nearburg.com
Address: 3300 N A St., Bldg 2, Ste 120, Midland, TX 79705
Facility or well name: Outland 14 State #1 API #: 30-025-36979 U/L or Qtr/Qtr C Sec 14 T 21S R 34E
County: Lea Latitude _____ Longitude _____ NAD: 1927 ☒ 1983 ☐ Surface Owner Federal ☐ State ☒ Private ☐ Indian ☐

Pit	**Below-grade tank**	
Type: Drilling ☒ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☒ Unlimited ☐ Liner type: Synthetic ☒ Thickness 12 mil Clay ☐ Volume _____ bbl	Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes ☐ If not, explain why not.	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) (0 points) X
Wellhead protection area. (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points) X
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points) X
	Ranking Score (Total Points)	0

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite ☐ offsite ☐ If offsite, name of facility _____ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**
Date: 11/22/04
Printed Name/Title: Sarah Jordan, Production Analyst Signature: _____

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:
Date: NOV 29 2004
Printed Name/Title: PETROLEUM ENGINEER Signature: _____