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Secretary's Potash

RECEIVED

AUG 29 2013

Form 3160-3
(March 2012)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER		5. Lease Serial No. SHL: NMLC0066126; BHL: NMNM056265
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Nearburg Producing Company		7. If Unit or CA Agreement, Name and No.
3a. Address 3300 N A Street, Bldg 2, Ste 120, Midland, Tx 79705	3b. Phone No. (include area code) 432-686-8235	8. Lease Name and Well No. <40602> Lea South 25 Federal Com #5H
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At Surface 60' FSL & 660' FWL At proposed prod. Zone 330' FNL & 660' FWL Horizontal Bone Spring test		9. API Well No. 30-025- 41367
14. Distance in miles and direction from nearest town or post office* Approximately 23 miles NW of Eunice NM		10. Field and Pool, or Exploratory Lea Bone Spring South <37580>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line if any) 60'	16. No of acres in lease NMNM056265=240 acres; NMLC0066126= 800 acres	11. Sec., T. R. M. or Blk. and Survey or Area 25-20S-34E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 11,350' Pilot Hole 15,917' MD 11,350' TVD	12. County or Parish Lea
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3728' GR	22. Approximate date work will start* 08.01.13	13. State NM
23. Estimated duration 35 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) Terrence Gant	Date 06.11.13
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Title Midland Manager	Name (Printed/Typed)	Date
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Approved By (Signature) /s/Aden L. Seidlitz	Name (Printed/Typed)	Date AUG 21 2013
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Title STATE DIRECTOR	Office NM STATE OFFICE	
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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 attached.

Title 18 U.S.S. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

(Continued on page 2)

*(Instructions on page 2)

Capitan Controlled Water Basin

08/30/13

Approval Subject to General Requirements
& Special Stipulations Attached

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

SEP 03 2013

Operator - Landowner Agreement

Company: Nearburg Producing Company

Proposed Well: Lea South 25 Federal Com #5H

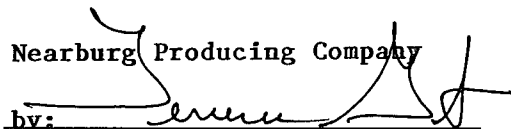
Federal Lease Number: SHL: NMNM056265 BHL: NMLC0066126

Please be advised that Cimarex Energy Co. has an agreement with both Nearburg Producing Company for operating their lease as well as having an agreement with the property surface owner, Ms. Linda Jurva, Trustee for Ms. Martha Skeen, 6301 Porter Road, Carlsbad, NM 88220 (575) 910-6731, concerning entry and surface restoration after completion of drilling operations at the above described well.

After abandonment of the well, all pits will be filled and levelled and all equipment and trash will be removed from the well site. No other requirements were made concerning restoration of the well site.

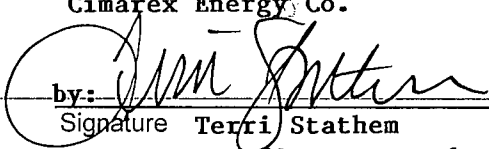
June 17, 2013
Date

Nearburg Producing Company

by: 
Signature **Terrence Gant**
Midland Manager

Cimarex Energy Co.

June 17, 2013
Date

by: 
Signature **Terri Stathem**
Coordinator Regulatory Compliance

Application to Drill
Lea South 25 Federal Com #5H
Nearburg Producing Co. Agent: Cimarex Energy Co.
UL: M, Sec. 25-20S-34E
Lea Co., NM

In response to questions asked under Section II B of Bulletin NTL-6, the following information is provided for your consideration:

- 1 Location: SHL 60' FSL & 660' FWL
BHL 330' FNL & 660' FWL
- 2 Elevation above sea level: 3728' GR
- 3 Geologic name of surface formation: Quaternary Alluvium Deposits
- 4 Drilling tools and associated equipment: Conventional rotary drilling rig using fluid as a circulating medium for solids removal.
- 5 Proposed drilling depth: 15,917' MD 11,350' TVD 11,350' Pilot Hole
- 6 Estimated tops of geological markers:

Formation	Est. Top	Bearing
Rustler	1650	NA
Top of Salt	1800	NA
Tansill	3400	NA
Capitan	3970	NA
Delaware	5700	Hydrocarbons
Bone Spring	8400	NA
Avalon Shale	8900	Hydrocarbons
1st Bone Spring Ss	9600	Hydrocarbons
2nd Bone Spring Ss	10150	Hydrocarbons
3rd Carbonate	10630	NA
3rd Bone Spring Ss	10925	NA
3rd Bone Spring C Ss	11015	Hydrocarbons

- 7 Possible mineral bearing formation:
Shown above

7A OSE Ground Water estimated depth: 100'

- 8 Casing Program:

Casing Depth From (ft)	Casing Setting Depth(ft) MD	Casing Setting Depth(ft) TVD	Open Hole Size (inches)	Casing Size (inches)	Casing Weight (lb/ft)	Casing Grade	Thread	Conditon	BHP (psig)	Anticipated Mud Weight (ppg)	Collapse SF (1.125)	Burst SF (1.125)	Cumulative Air Weight (lbs)	Cumulative Bouyed Weight (lbs)	Bouyant Tension SF (1.8)
Surface															
0'	1780 1675'	1675'	17 1/2	13 3/8	54.5	J-55	ST&C	New	754	8.4	1.54	3.64	91,288	79,580	6.46
Intermediate															
0'	5700'	5700'	12 1/4	9 5/8	40	J-55	LT&C	New	2,565	10.2	1.28	1.54	228,000	192,495	2.70
Production															
0'	10753'	10753'	8 3/4	5 1/2	17	HK-55 P-110	LT&C	New	2,611	9.2	1.45	4.08	192,950	165,849	2.68
10753'	15917'	11350'	8 3/4	5 1/2	17	P-110	BT&C	New	5,108	9.2	1.38	2.08	10,149	8,723	62.59

Casing Design Criteria and Casing Loading Assumptions:

Surface

Tension A 1.8 design factor with effects of buoyancy. 8.4 ppg
Collapse A 1.125 design factor with full internal evacuation and a collapse force equal to a 8.4 ppg mud gradient
Burst A 1.125 design with a surface pressure equal to the fracture gradient at setting depth less gas gradient to surface.

Intermediate

Tension A 1.8 design factor with effects of buoyancy. 10.2 ppg
Collapse A 1.125 design factor evacuated 1/3 TVD of next casing string with a collapse force equal to a 10.2 ppg mud gradient
Burst A 1.125 design with a surface pressure equal to the fracture gradient at setting depth less gas gradient to surface.

Production

Tension A 1.8 design factor with effects of buoyancy. 9.2 ppg
Collapse A 1.125 design factor with full internal evacuation and a collapse force equal to a 9.2 ppg mud gradient
Burst A 1.125 design with a surface pressure equal to the fracture gradient at setting depth less gas gradient to surface.

Drilling Plan
Lea South 25 Federal Com #5H
Nearburg Producing Co. Agent: Cimarex Energy Co.
UL: M, Sec. 25-20S-34E
Lea Co., NM

9 Cementing Program:

Surface	Sacks	Yield (cuft/sx)	Weight (ppg)	Cubic Feet	Cement Blend
Lead	1060	1.75	13.5	1862	Class C + Bentonite + Calcium Chloride + LCM
Tail	220	1.34	14.8	291	Class C + LCM
TOC: 0' 85% Excess Centralizers per Onshore Order 2.III.B.1f					

Intermediate	Sacks	Yield (cuft/sx)	Weight (ppg)	Cubic Feet	Cement Blend
Lead	1290	1.88	12.9	2420	35:65 (poz/C) + Salt + Bentonite + LCM + retarder
Tail	300	1.34	14.8	392	Class C + retarder + LCM
TOC: 0' 81% Excess					

Production	Sacks	Yield (cuft/sx)	Weight (ppg)	Cubic Feet	Cement Blend
Lead	645	2.4	11.9	1547	35:65 (poz/H) + salt + Sodium Metasilicate + Bentonite + Fluid Loss + Dispersant + LCM + Retarder
Tail	1456	1.24	14.5	1805	50:50 (poz/H) + Bentonite + Salt + Fluid Loss + Dispersant + LCM + Retarder

Cement volumes will be adjusted depending on hole size.

TOC: 5200' 25% Excess No centralizers planned in the lateral section. 1 every jt from EOC to KOP. 1 every 4th joint from KOP to 500' inside previous casing.

10 Pressure Control Equipment:

Exhibit "E-1". A 13 1/2" 5000 PSI working pressure BOP, tested to 3000 psi on the surface casing and 5000 psi on the intermediate, consisting of one set of blind rams and one set of pipe rams and a 5000# annular type preventer. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system. Rotating head as needed. A kelly cock will be installed and maintained in operable condition and a drill string safety valve in the open position will be available on the rig floor.

BOP unit will be hydraulically operated. BOP will be installed and operated at least once a day while drilling and the blind rams will be operated when out of hole during trips. No abnormal pressure or temperature is expected while drilling.

BOPS will be tested by an independent service company to 250 psi low and 3000 psi high on the surface casing and 250 psi low and 5000 psi high on the intermediate. Hydril will be tested to 250 psi low and 2500 psi high on the surface and intermediate casings.

Nearburg Producing Co. requests a variance to drill this well using a co-flex line between the BOP and choke manifold. Certification for proposed co-flex hose is attached (please see Exhibit F, F-1, F-2, F-3). The hose is not required by the manufacturer to be anchored. In the event the specific hose is not available, one of equal or higher rating will be used.

Application to Drill
Lea South 25 Federal Com #5H
Nearburg Producing Co. Agent: Cimarex Energy Co.
UL: M, Sec. 25-20S-34E
Lea Co., NM

11 Proposed Mud Circulating System:

Depth	Mud Wt	Visc	Fluid Loss	Type Mud
0' to 1675'	8.4	28	NC	FW Spud Mud
1675' to 5700'	10.2	30-32	NC	Brine water
5700' to 15917'	9.2	30-32	NC	FW/Cut Brine

Sufficient mud materials will be kept on location at all times in order to combat lost circulation or unexpected kicks. In order to run DSTs, open hole logs, and casing, the viscosity and water loss may have to be adjusted in order to meet these needs.

The Mud Monitoring System is an electronic Pason System satisfying requirements of Onshore Order 1.

12 Proposed Drilling Plan

Pilot Hole TD: 11,350' KOP: 10,753' EOC: 11489'

Set OH mechanical whipstock w/ 540 ft of 2.875 tubing and pump 30 bbls of Mudpush @ 12 ppg, followed by 270 sks Type H cement, dispersant 0.080 gals/sk, retarder 0.045 gals/sk @ 17.5 ppg, 0.94 cuft/sk, & 0 % excess from pilot hole TD to KOP. KO lateral and drill through the curve to TD. Run production csg to TD & cement.

13 Testing, Logging and Coring Program:

- A. Mud logging program: 2 man unit from 5700' to TD
- B. Electric logging program: CNL / LDT / CAL / GR, DLL / GR -- Inter. Csg to TD
CNL / GR -- Surf to Inter. Csg
- C. No DSTs or cores are planned at this time.
- D. CBL w/ CCL from as far as gravity will let it fall to TOC

14 Potential Hazards:

No abnormal pressures or temperatures are expected. In accordance with Onshore Order 6, Cimarex does not anticipate that there will be enough H₂S from the surface to the Bone Spring formations to meet the BLM's minimum requirements for the submission of an "H₂S Drilling Operation Plan" or "Public Protection Plan" for the drilling and completion of this well. Since we have an H₂S Safety package on all wells, attached is an "H₂S Drilling Operations Plan." Adequate flare lines will be installed off the mud / gas separator where gas may be flared safely. All personnel will be familiar with all aspects of safe operation of equipment being used.

Estimated BHP 5108 psi Estimated BHT 180°

15 Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved.

Drilling expected to take : 35 days

If production casing is run an additional 30 days will be required to complete and construct surface facilities.

16 Other Facets of Operations:

After running casing, cased hole gamma ray neutron collar logs will be run from TD over possible pay intervals.

Bone Spring pay will be perforated and stimulated.

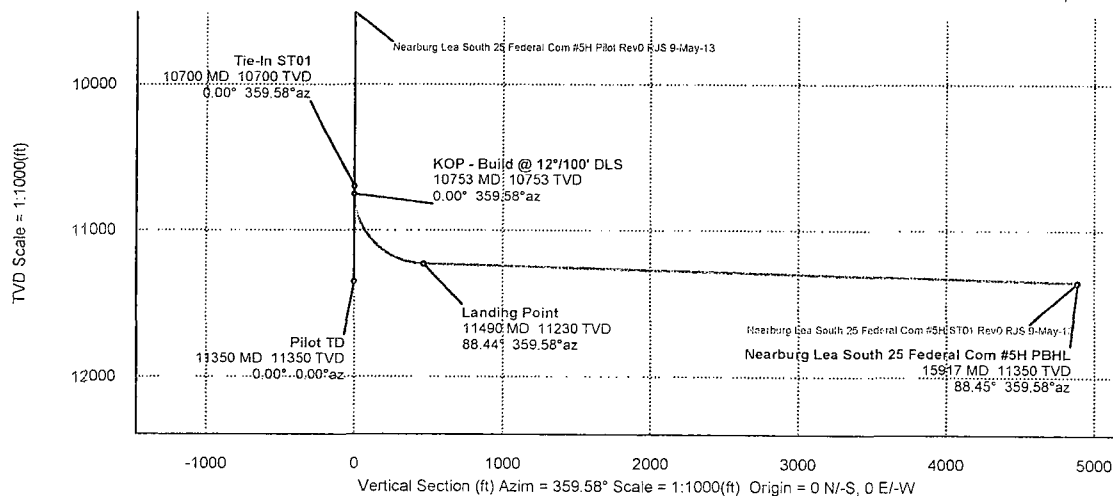
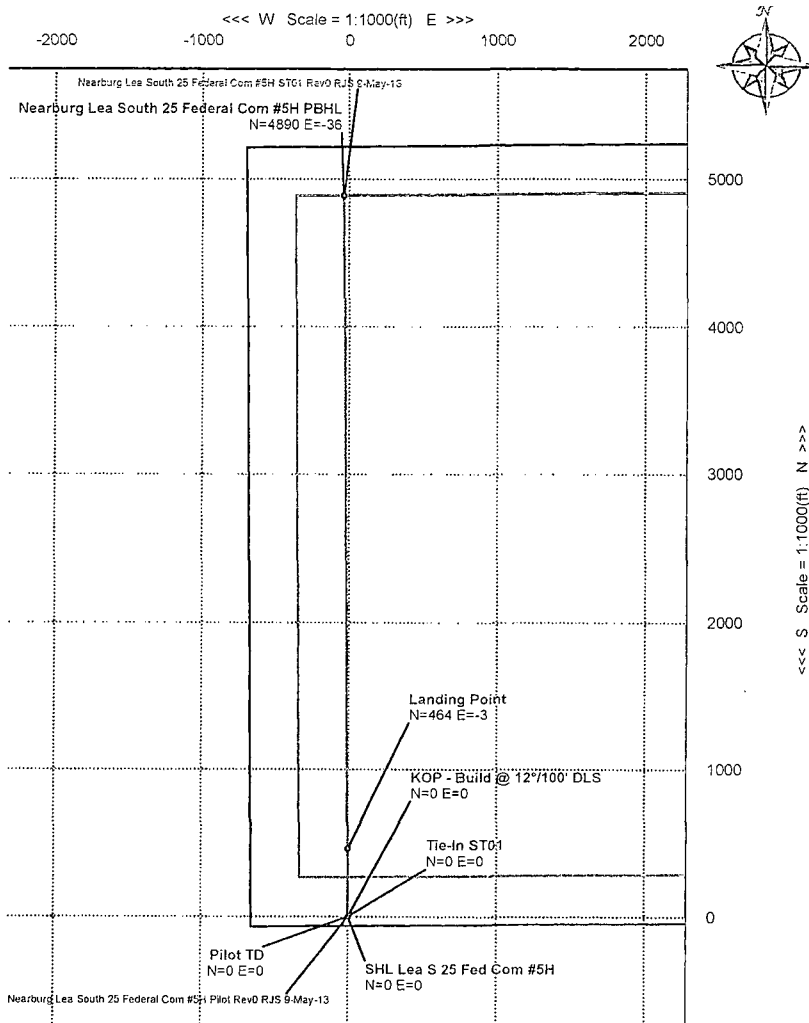
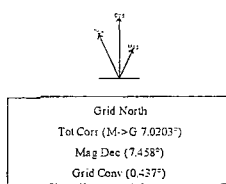
The proposed well will be tested and potentialed as Oil



Nearburg/Cimarex



WELL	Lea South 25 Federal Com #5H	FIELD	NM Lea County	STRUCTURE	TBD
Magnetic Parameters Model: BGS10 2012	Dip: 80.389° Mag Dec: 7.458°	Date: May 09, 2013 AS214-201	Surface Location Lat: N 30 32 13.232 Long: W 103 31 12.684	Geographic NAD83 New Mexico State Plane, GCSNM Zone, US Feet Northing: 365202.96 NUB Easting: 781935.62 NUB Grid Conv: 0.137 Scale Factor: 0.999981020	Measurments Ref: Lea South 25 Federal Com #5H Rev0 Plan: ST01 Rev0 RJS 9-May-13 Drawn: Lea #57265 above 1150 May 09, 2013



Critical Point	MD	INCL	AZIM	TVD	VSEC	N(+) / S(-)	E(+) / W(-)	DLS
Marker MudLine	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tie-In ST01	10700.00	0.00	359.58	10700.00	0.00	0.00	0.00	0.00
KOP - Build @ 12°/100' DLS	10753.00	0.00	359.58	10753.00	0.00	0.00	0.00	0.00
Landing Point	11489.60	88.45	359.58	11230.00	464.23	464.21	-3.40	12.01
Nearburg Lea South 25 Federal Com #5H PBHL	15917.13	88.45	359.58	11350.00	4890.13	4890.00	-35.90	0.00



Cimarex/Nearburg Lea South 25 Federal Com #5H ST01 Rev0 RJS 9-May-13

Proposal Report

(Non-Def Plan)



Report Date:	May 09, 2013 - 01:06 PM	Survey / DLS Computation:	Minimum Curvature / Lubinski
Client:	Cimarex	Vertical Section Azimuth:	359.579 ° (Grid North)
Field:	NM Lea County (NAD 83)	Vertical Section Origin:	0.000 ft, 0.000 ft
Structure / Slot:	TBD / Nearburg Lea South 25 Federal Com #5H	TVD Reference Datum:	Ground Level
Well:	Nearburg Lea South 25 Federal Com #5H	TVD Reference Elevation:	3728.000 ft above MSL
Borehole:	ST01	Seabed / Ground Elevation:	3728.000 ft above MSL
UWI / API#:	Unknown / Unknown	Magnetic Declination:	7.458 °
Survey Name:	Nearburg Lea South 25 Federal Com #5H ST01 Rev0 RJS 9-May-13	Total Gravity Field Strength:	998.4823mgn (9.80665 Based)
Survey Date:	May 09, 2013	Total Magnetic Field Strength:	48594.168 nT
Tort / AHD / DDI / ERD Ratio:	88,449 ° / 4890,134 ft / 5,783 / 0.431	Magnetic Dip Angle:	60.399 °
Coordinate Reference System:	NAD83 New Mexico State Plane, Eastern Zone, US Feet	Declination Date:	May 09, 2013
Location Lat / Long:	N 32° 32' 13.23158", W 103° 31' 12.68416"	Magnetic Declination Model:	BGGM 2012
Location Grid N/E Y/X:	N 560050.900 ftUS, E 791925.600 ftUS	North Reference:	Grid North
CRS Grid Convergence Angle:	0.4374 °	Grid Convergence Used:	0.4374 °
Grid Scale Factor:	0.999981	Total Corr Mag North->Grid North:	7.0203 °
		Local Coord Referenced To:	Structure Reference Point

Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")	Closure (ft)	Closure Azimuth (°)	DLS (°/100ft)
SHL Lea S 25 Fed Com #5H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	N/A
	100.00	0.00	359.58	100.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	200.00	0.00	359.58	200.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	300.00	0.00	359.58	300.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	400.00	0.00	359.58	400.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	500.00	0.00	359.58	500.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	600.00	0.00	359.58	600.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	700.00	0.00	359.58	700.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	800.00	0.00	359.58	800.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	900.00	0.00	359.58	900.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	1000.00	0.00	359.58	1000.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	1100.00	0.00	359.58	1100.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	1200.00	0.00	359.58	1200.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	1300.00	0.00	359.58	1300.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	1400.00	0.00	359.58	1400.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	1500.00	0.00	359.58	1500.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	1600.00	0.00	359.58	1600.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	1700.00	0.00	359.58	1700.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	1800.00	0.00	359.58	1800.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	1900.00	0.00	359.58	1900.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	2000.00	0.00	359.58	2000.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	2100.00	0.00	359.58	2100.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	2200.00	0.00	359.58	2200.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	2300.00	0.00	359.58	2300.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	2400.00	0.00	359.58	2400.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	2500.00	0.00	359.58	2500.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	2600.00	0.00	359.58	2600.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	2700.00	0.00	359.58	2700.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00

5/17/2013 1:31 PM Page 2 of 4

Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")	Closure (ft)	Closure Azimuth (°)	DLS (°/100ft)
	8300.00	0.00	359.58	8300.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	8400.00	0.00	359.58	8400.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	8500.00	0.00	359.58	8500.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	8600.00	0.00	359.58	8600.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	8700.00	0.00	359.58	8700.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	8800.00	0.00	359.58	8800.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	8900.00	0.00	359.58	8900.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	9000.00	0.00	359.58	9000.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	9100.00	0.00	359.58	9100.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	9200.00	0.00	359.58	9200.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	9300.00	0.00	359.58	9300.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	9400.00	0.00	359.58	9400.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	9500.00	0.00	359.58	9500.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	9600.00	0.00	359.58	9600.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	9700.00	0.00	359.58	9700.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	9800.00	0.00	359.58	9800.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	9900.00	0.00	359.58	9900.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	10000.00	0.00	359.58	10000.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	10100.00	0.00	359.58	10100.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	10200.00	0.00	359.58	10200.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	10300.00	0.00	359.58	10300.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	10400.00	0.00	359.58	10400.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	10500.00	0.00	359.58	10500.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	10600.00	0.00	359.58	10600.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	10700.00	0.00	359.58	10700.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	10753.00	0.00	359.58	10753.00	0.00	0.00	0.00	560050.90	791925.60	N 32 32 13.23	W 103 31 12.68	0.00	0.00	0.00
	10800.00	5.64	359.58	10799.92	2.31	2.31	-0.02	560053.21	791925.58	N 32 32 13.25	W 103 31 12.68	2.31	359.58	12.01
	10900.00	17.55	359.58	10897.69	22.46	22.46	-0.16	560073.36	791925.44	N 32 32 13.45	W 103 31 12.68	22.46	359.58	12.01
	11000.00	29.66	359.58	10899.12	62.51	62.51	-0.46	560113.41	791925.14	N 32 32 13.85	W 103 31 12.68	62.51	359.58	12.01
	11100.00	41.67	359.58	11070.22	120.71	120.70	-0.88	560171.60	791924.72	N 32 32 14.43	W 103 31 12.68	120.71	359.58	12.01
	11200.00	53.67	359.58	11137.43	194.50	194.49	-1.43	560245.39	791924.17	N 32 32 15.16	W 103 31 12.68	194.50	359.58	12.01
	11300.00	65.68	359.58	11187.83	280.66	280.65	-2.06	560331.54	791923.54	N 32 32 16.01	W 103 31 12.68	280.66	359.58	12.01
	11400.00	77.69	359.58	11219.20	375.42	375.41	-2.75	560426.30	791922.85	N 32 32 16.95	W 103 31 12.68	375.42	359.58	12.01
	11489.60	88.45	359.58	11230.00	464.23	464.21	-3.40	560515.10	791922.20	N 32 32 17.82	W 103 31 12.68	464.23	359.58	12.01
	11500.00	88.45	359.58	11230.28	474.63	474.61	-3.48	560525.50	791922.12	N 32 32 17.93	W 103 31 12.68	474.63	359.58	0.00
	11600.00	88.45	359.58	11233.00	574.59	574.58	-4.21	560625.46	791921.39	N 32 32 18.92	W 103 31 12.68	574.59	359.58	0.00
	11700.00	88.45	359.58	11235.71	674.55	674.54	-4.94	560725.42	791920.66	N 32 32 19.91	W 103 31 12.68	674.55	359.58	0.00
	11800.00	88.45	359.58	11238.42	774.52	774.50	-5.68	560825.38	791919.92	N 32 32 20.90	W 103 31 12.68	774.52	359.58	0.00
	11900.00	88.45	359.58	11241.14	874.48	874.46	-6.41	560925.34	791919.19	N 32 32 21.88	W 103 31 12.68	874.48	359.58	0.00
	12000.00	88.45	359.58	11243.85	974.44	974.42	-7.14	561025.30	791918.46	N 32 32 22.87	W 103 31 12.68	974.44	359.58	0.00
	12100.00	88.45	359.58	11246.56	1074.41	1074.38	-7.88	561125.26	791917.72	N 32 32 23.86	W 103 31 12.68	1074.41	359.58	0.00
	12200.00	88.45	359.58	11249.27	1174.37	1174.34	-8.61	561225.21	791916.99	N 32 32 24.85	W 103 31 12.68	1174.37	359.58	0.00
	12300.00	88.45	359.58	11251.99	1274.33	1274.30	-9.34	561325.17	791916.26	N 32 32 25.84	W 103 31 12.68	1274.33	359.58	0.00
	12400.00	88.45	359.58	11254.70	1374.30	1374.26	-10.08	561425.13	791915.52	N 32 32 26.83	W 103 31 12.68	1374.30	359.58	0.00
	12500.00	88.45	359.58	11257.41	1474.26	1474.22	-10.81	561525.09	791914.79	N 32 32 27.82	W 103 31 12.68	1474.26	359.58	0.00
	12600.00	88.45	359.58	11260.12	1574.22	1574.18	-11.54	561625.05	791914.06	N 32 32 28.81	W 103 31 12.68	1574.22	359.58	0.00
	12700.00	88.45	359.58	11262.84	1674.19	1674.14	-12.28	561725.01	791913.32	N 32 32 29.80	W 103 31 12.68	1674.19	359.58	0.00
	12800.00	88.45	359.58	11265.55	1774.15	1774.10	-13.01	561824.96	791912.59	N 32 32 30.79	W 103 31 12.68	1774.15	359.58	0.00
	12900.00	88.45	359.58	11268.26	1874.11	1874.06	-13.74	561924.92	791911.86	N 32 32 31.78	W 103 31 12.68	1874.11	359.58	0.00
	13000.00	88.45	359.58	11270.97	1974.08	1974.02	-14.48	562024.88	791911.12	N 32 32 32.76	W 103 31 12.68	1974.08	359.58	0.00
	13100.00	88.45	359.58	11273.68	2074.04	2073.98	-15.21	562124.84	791910.39	N 32 32 33.75	W 103 31 12.68	2074.04	359.58	0.00
	13200.00	88.45	359.58	11276.39	2174.00	2173.94	-15.94	562224.80	791909.66	N 32 32 34.74	W 103 31 12.68	2174.00	359.58	0.00
	13300.00	88.45	359.58	11279.10	2273.97	2273.90	-16.68	562324.76	791908.92	N 32 32 35.73	W 103 31 12.68	2273.97	359.58	0.00
	13400.00	88.45	359.58	11281.81	2373.93	2373.86	-17.41	562424.71	791908.19	N 32 32 36.72	W 103 31 12.68	2373.93	359.58	0.00

Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")	Closure (ft)	Closure Azimuth (°)	DLS ("/100ft)
	13500.00	88.45	359.58	11284.52	2473.89	2473.83	-18.15	562524.67	791907.45	N 32 32 37.71	W 103 31 12.68	2473.89	359.58	0.00
	13600.00	88.45	359.58	11287.24	2573.86	2573.79	-18.88	562624.63	791906.72	N 32 32 38.70	W 103 31 12.68	2573.86	359.58	0.00
	13700.00	88.45	359.58	11289.95	2673.82	2673.75	-19.61	562724.59	791905.99	N 32 32 39.69	W 103 31 12.67	2673.82	359.58	0.00
	13800.00	88.45	359.58	11292.66	2773.78	2773.71	-20.35	562824.55	791905.25	N 32 32 40.68	W 103 31 12.67	2773.78	359.58	0.00
	13900.00	88.45	359.58	11295.37	2873.74	2873.67	-21.08	562924.51	791904.52	N 32 32 41.67	W 103 31 12.67	2873.74	359.58	0.00
	14000.00	88.45	359.58	11298.08	2973.71	2973.63	-21.82	563024.47	791903.78	N 32 32 42.66	W 103 31 12.67	2973.71	359.58	0.00
	14100.00	88.45	359.58	11300.79	3073.67	3073.59	-22.55	563124.42	791903.05	N 32 32 43.64	W 103 31 12.67	3073.67	359.58	0.00
	14200.00	88.45	359.58	11303.50	3173.63	3173.55	-23.28	563224.38	791902.32	N 32 32 44.63	W 103 31 12.67	3173.63	359.58	0.00
	14300.00	88.45	359.58	11306.21	3273.60	3273.51	-24.02	563324.34	791901.58	N 32 32 45.62	W 103 31 12.67	3273.60	359.58	0.00
	14400.00	88.45	359.58	11308.91	3373.56	3373.47	-24.75	563424.30	791900.85	N 32 32 46.61	W 103 31 12.67	3373.56	359.58	0.00
	14500.00	88.45	359.58	11311.62	3473.52	3473.43	-25.49	563524.26	791900.11	N 32 32 47.60	W 103 31 12.67	3473.52	359.58	0.00
	14600.00	88.45	359.58	11314.33	3573.49	3573.39	-26.22	563624.22	791899.38	N 32 32 48.59	W 103 31 12.67	3573.49	359.58	0.00
	14700.00	88.45	359.58	11317.04	3673.45	3673.35	-26.96	563724.18	791898.64	N 32 32 49.58	W 103 31 12.67	3673.45	359.58	0.00
	14800.00	88.45	359.58	11319.75	3773.41	3773.31	-27.69	563824.13	791897.91	N 32 32 50.57	W 103 31 12.67	3773.41	359.58	0.00
	14900.00	88.45	359.58	11322.46	3873.38	3873.27	-28.43	563924.09	791897.18	N 32 32 51.56	W 103 31 12.67	3873.38	359.58	0.00
	15000.00	88.45	359.58	11325.17	3973.34	3973.23	-29.16	564024.05	791896.44	N 32 32 52.55	W 103 31 12.67	3973.34	359.58	0.00
	15100.00	88.45	359.58	11327.88	4073.30	4073.19	-29.89	564124.01	791895.71	N 32 32 53.54	W 103 31 12.67	4073.30	359.58	0.00
	15200.00	88.45	359.58	11330.58	4173.27	4173.16	-30.63	564223.97	791894.97	N 32 32 54.52	W 103 31 12.67	4173.27	359.58	0.00
	15300.00	88.45	359.58	11333.29	4273.23	4273.12	-31.36	564323.93	791894.24	N 32 32 55.51	W 103 31 12.67	4273.23	359.58	0.00
	15400.00	88.45	359.58	11336.00	4373.19	4373.08	-32.10	564423.88	791893.50	N 32 32 56.50	W 103 31 12.67	4373.19	359.58	0.00
	15500.00	88.45	359.58	11338.71	4473.16	4473.04	-32.83	564523.84	791892.77	N 32 32 57.49	W 103 31 12.67	4473.16	359.58	0.00
	15600.00	88.45	359.58	11341.41	4573.12	4573.00	-33.57	564623.80	791892.03	N 32 32 58.48	W 103 31 12.67	4573.12	359.58	0.00
	15700.00	88.45	359.58	11344.12	4673.08	4672.96	-34.30	564723.76	791891.30	N 32 32 59.47	W 103 31 12.67	4673.08	359.58	0.00
	15800.00	88.45	359.58	11346.83	4773.05	4772.92	-35.04	564823.72	791890.56	N 32 33 0.46	W 103 31 12.67	4773.05	359.58	0.00
	15900.00	88.45	359.58	11349.54	4873.01	4872.88	-35.77	564923.68	791889.83	N 32 33 1.45	W 103 31 12.67	4873.01	359.58	0.00
Nearburg Lea South 25 Federal Com #5H PBHL	15917.13	88.45	359.58	11350.00	4890.13	4890.00	-35.90	564940.80	791889.70	N 32 33 1.62	W 103 31 12.67	4890.13	359.58	0.00

Survey Type: Non-Def Plan

Survey Error Model: ISCWSA Rev 0 *** 3-D 95.000% Confidence 2.7955 sigma
Survey Program:

Description	MD From (ft)	MD To (ft)	EOU Freq (ft)	Hole Size (in)	Casing Diameter (in)	Survey Tool Type	Borehole / Survey
	0.000	10700.000	1/100.000	30.000	30.000	SLB_MWD-STD	Pilot Borehole / Nearburg Lea South 25 Federal Com #5H Pilot
	10700.000	15917.129	1/100.000	30.000	30.000	SLB_MWD-STD	ST01 / Nearburg Lea South 25 Federal Com #5H ST01 Rev0

Drilling 12-1/4" hole
below 13 3/8" Casing

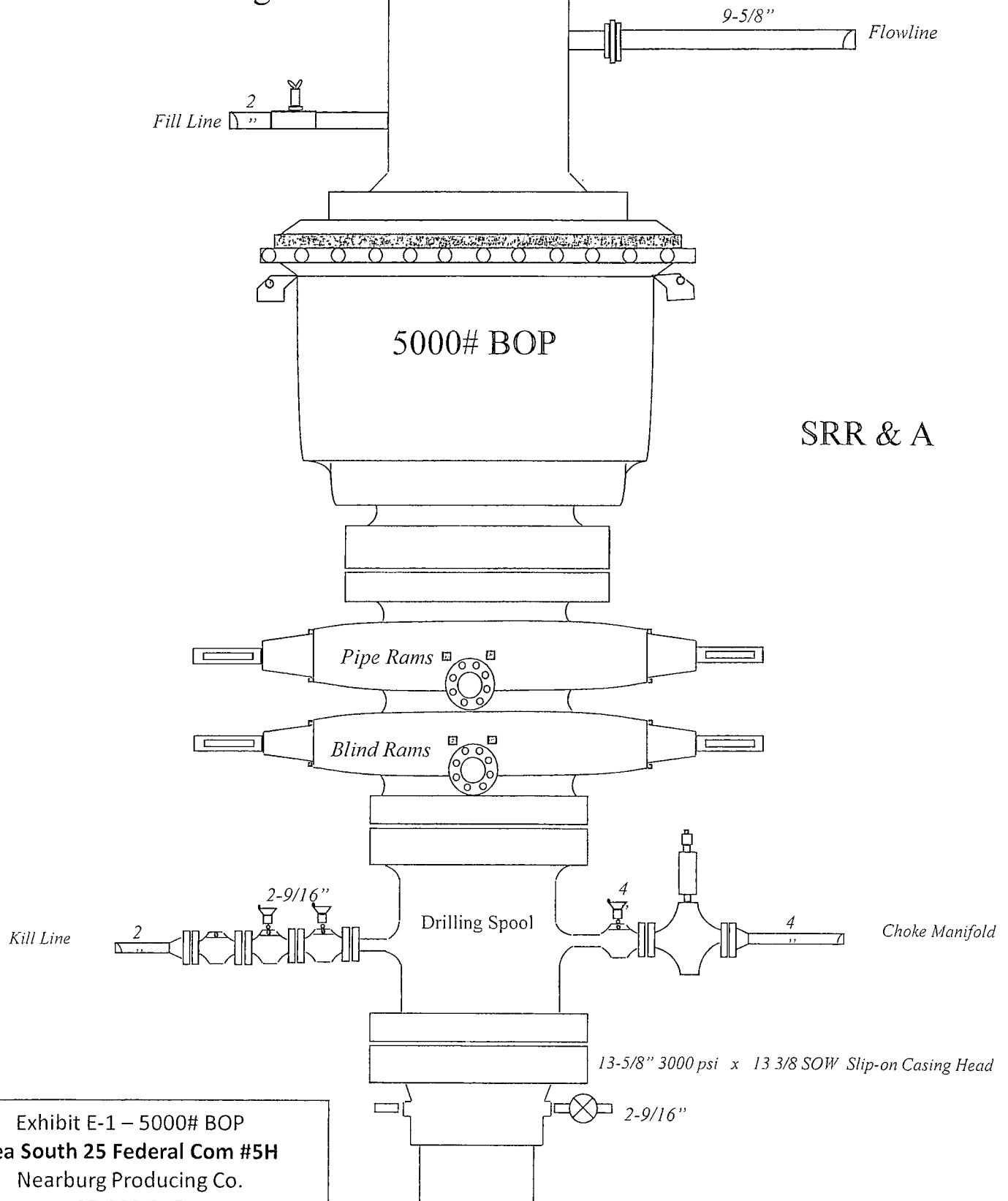


Exhibit E-1 – 5000# BOP
Lea South 25 Federal Com #5H
Nearburg Producing Co.
25-20S-34E
SHL 60 FSL & 660 FWL
BHL 330 FNL & 660 FWL
Lea County, NM

Drilling 8-3/4" hole
below 9 5/8" Casing

Fill Line 2" 9-5/8" Flowline

5000# BOP

SRR & A

Pipe Rams

Blind Rams

Drilling
Spool

Kill Line

Choke Manifold

Wellhead
Assembly

13-5/8" 3000 psi x 11" 5000 psi
Wellhead Assembly

13-5/8" 3000# psi x 13-3/8" SOW Slip-on Casing
Head

Exhibit E-1 – 5000# BOP
Lea South 25 Federal Com #5H
Nearburg Producing Co.
25-20S-34E
SHL 60 FSL & 660 FWL
BHL 330 FNL & 660 FWL
Lea County, NM

Drilling Operations
Choke Manifold
5M Service

Exhibit E-1 – Choke Manifold Diagram
Lea South 25 Federal Com #5H
Nearburg Producing Co.
25-20S-34E
SHL 60 FSL & 660 FWL
BHL 330 FNL & 660 FWL
Lea County, NM

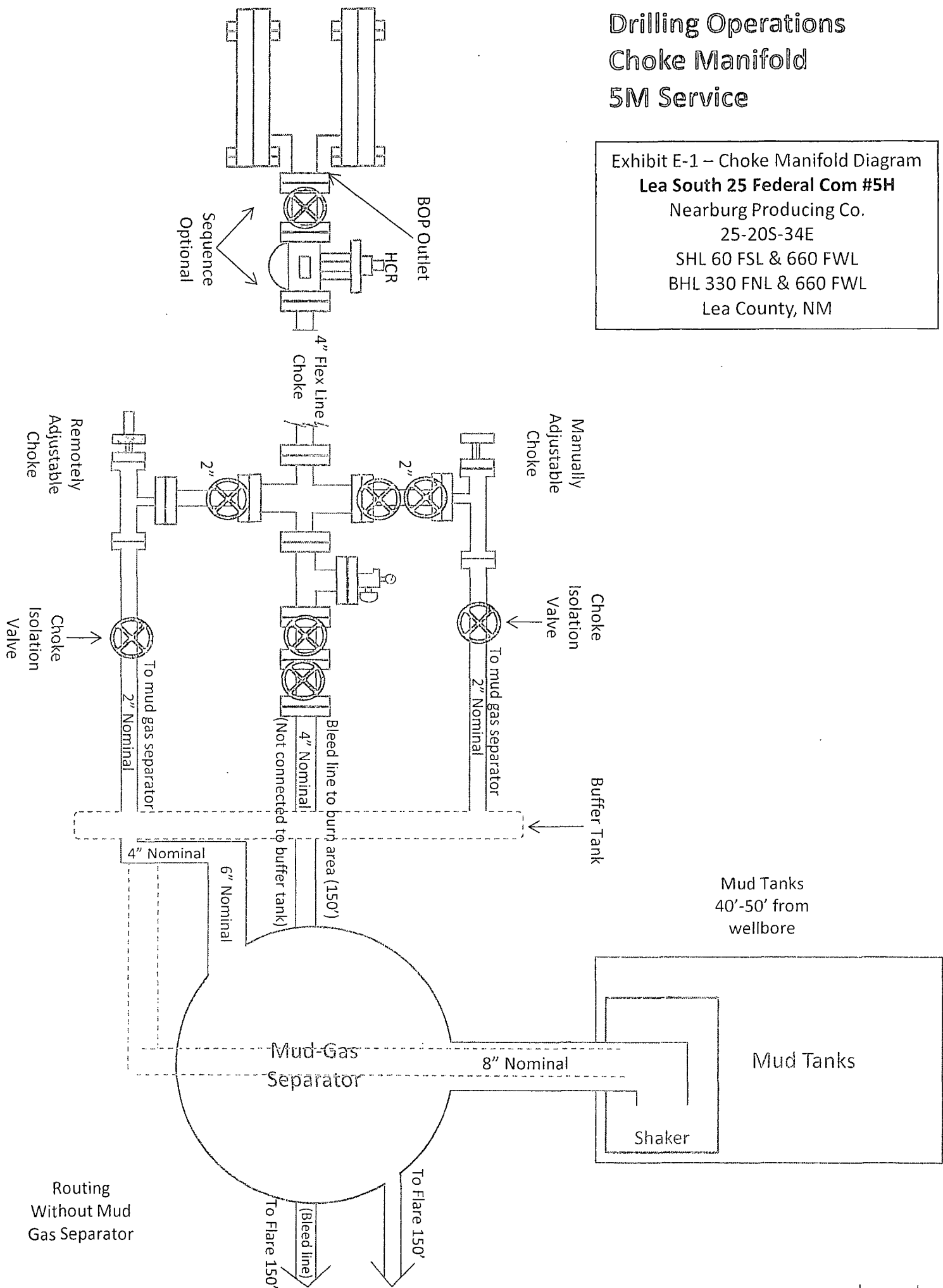


Exhibit F-1 – Co-Flex Hose Hydrostatic Test

Lea South 25 Federal Com #5H

Nearburg Producing Co.

25-20S-34E

SHL 60 FSL & 660 FWL

BHL 330 FNL & 660 FWL

Lea County, NM



Midwest Hose & Specialty, Inc.

INTERNAL HYDROSTATIC TEST REPORT

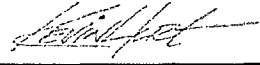
Customer: Oderco Inc		P.O. Number: odyd-271	
HOSE SPECIFICATIONS			
Type: Stainless Steel Armor Choke & Kill Hose		Hose Length: 45'ft.	
I.D. 4 INCHES		O.D. 9 INCHES	
WORKING PRESSURE 10,000 PSI	TEST PRESSURE 15,000 PSI	BURST PRESSURE 0 PSI	
COUPLINGS			
Stem Part No. OKC OKC		Ferrule No. OKC OKC	
Type of Coupling: Swage-It			
PROCEDURE			
<u>Hose assembly pressure tested with water at ambient temperature.</u>			
TIME HELD AT TEST PRESSURE 15 MIN.		ACTUAL BURST PRESSURE: 0 PSI	
Hose Assembly Serial Number: 79793		Hose Serial Number: OKC	
Comments:			
Date: 3/8/2011	Tested:	Approved: 	

Exhibit F-1 – Co-Flex Hose Hydrostatic Test

Lea South 25 Federal Com #5H

Nearburg Producing Co.

25-20S-34E

SHL 60 FSL & 660 FWL

BHL 330 FNL & 660 FWL

Lea County, NM



Midwest Hose
& Specialty, Inc.

Internal Hydrostatic Test Graph

March 3, 2011

Customer: Houston

Pick Ticket #: 94260

Hose Specifications

Hose Type

Length

Time of Filling

Verification

Coupling Method

C & K

45'

4 1/16 10K

Swage

Final O.D.

I.D.

O.D.

6.35"

6.35"

6.25"

Working Pressure

Burst Pressure

Hose Serial #

Hose Assembly Serial #

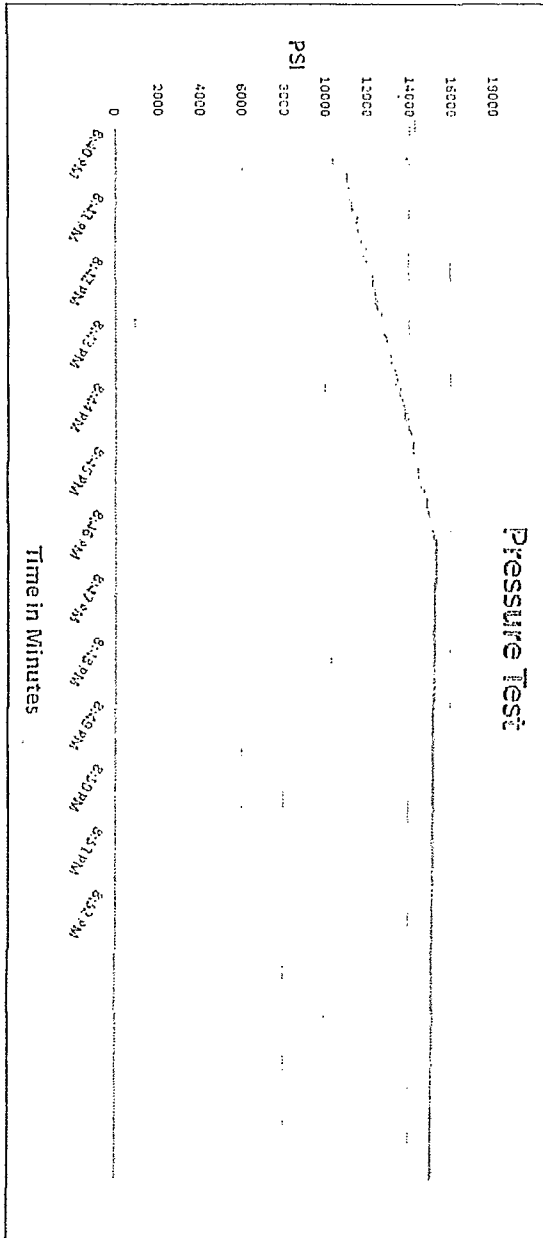
10000 PSI

Standard Sizing Multiplier Applies

5544

79733

Pressure Test



Comments: Hose assembly pressure tested with water at ambient temperature.

Tested By: Zac McConnell

Approved By: Kim Thomas

[Signature]

[Signature]



Midwest Hose
& Specialty, Inc.

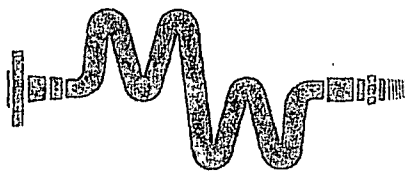
Exhibit F -3- Co-Flex Hose
Lea South 25 Federal Com #5H
Nearburg Producing Co.
25-20S-34E
SHL 60 FSL & 660 FWL
BHL 330 FNL & 660 FWL
Lea County, NM

Specification Sheet Choke & Kill Hose

The Midwest Hose & Specialty Choke & Kill hose is manufactured with only premium components. The reinforcement cables, inner liner and cover are made of the highest quality material to handle the tough drilling applications of today's industry. The end connections are available with API flanges, API male threads, hubs, hammer unions or other special fittings upon request. Hose assembly is manufactured to API 7K. This assembly is wrapped with fire resistant vermiculite coated fiberglass insulation, rated at 2000 degrees with stainless steel armor cover.

Working Pressure:	5,000 or 10,000 psi working pressure
Test Pressure:	10,000 or 15,000 psi test pressure
Reinforcement:	Multiple steel cables
Cover:	Stainless Steel Armor
Inner Tube:	Petroleum resistant, Abrasion resistant
End Fitting:	API flanges, API male threads, threaded or butt weld hammer unions, unbolt and other special connections
Maximum Length:	110 Feet
ID:	2-1/2", 3", 3-1/2", 4"
Operating Temperature:	-22 deg F to +180 deg F (-30 deg C to +82 deg C)

Exhibit F-2 - Co-Flex Hose
Lea South 25 Federal Com #5H
Nearburg Producing Co.
25-20S-34E
SHL 60 FSL & 660 FWL
BHL 330 FNL & 660 FWL
Lea County, NM

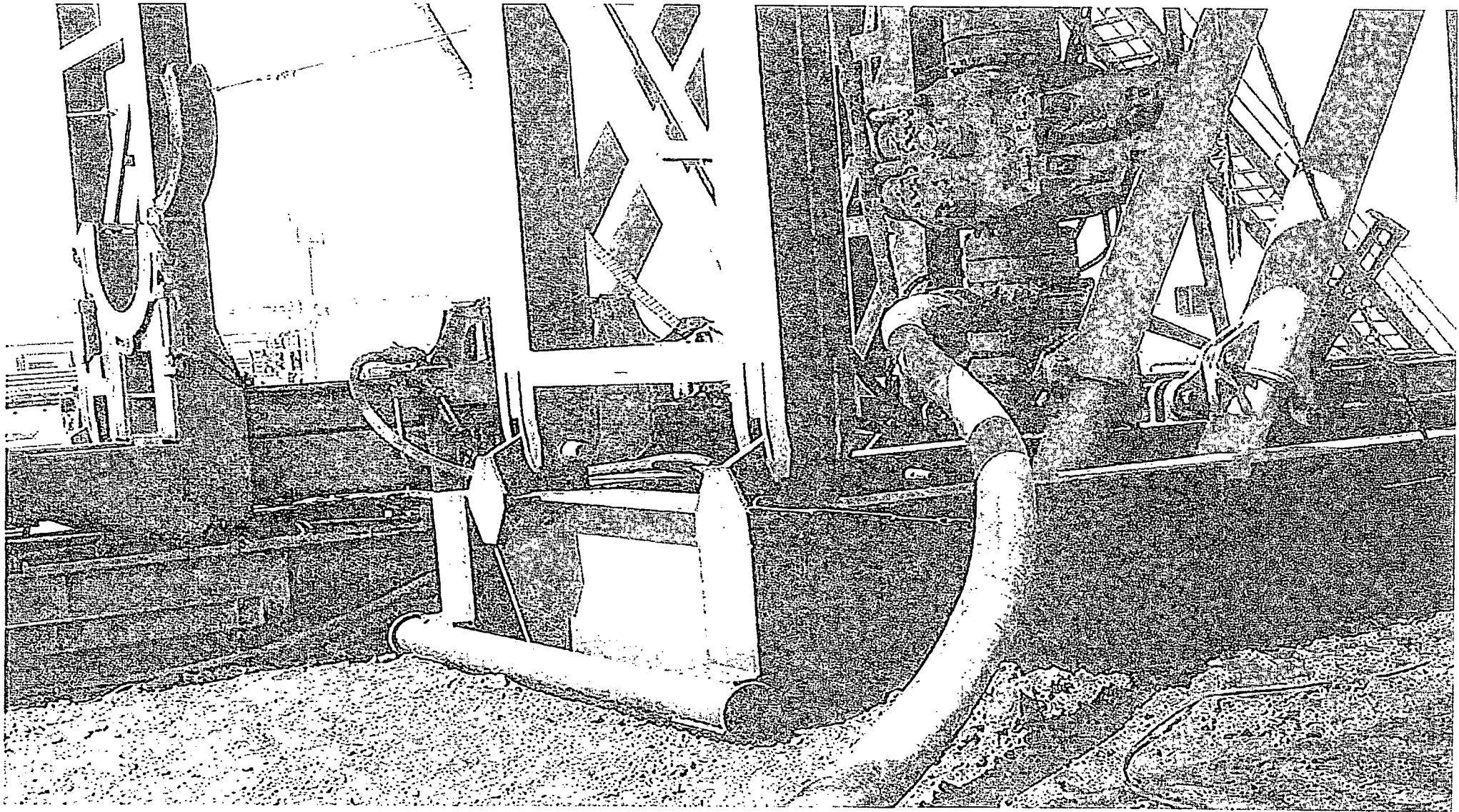


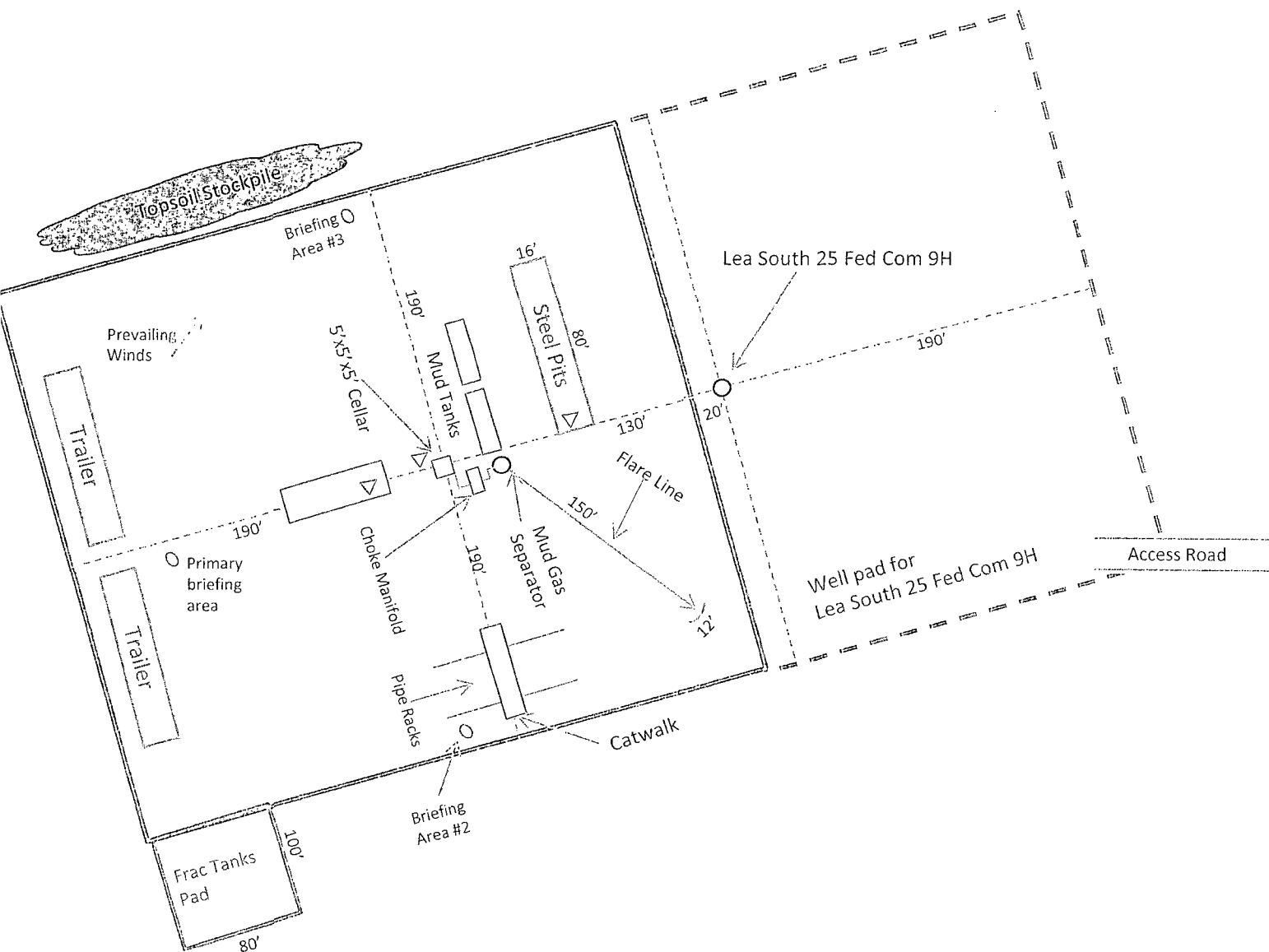
Midwest Hose & Specialty, Inc.

Certificate of Conformity

Customer:		PO
DEM		ODYD-271
SPECIFICATIONS		
Sales Order	Dated:	
79793	3/8/2011	
We hereby certify that the material supplied for the referenced purchase order to be true according to the requirements of the purchase order and current industry standards Supplier: Midwest Hose & Specialty, Inc. 10640 Tanner Road Houston, Texas 77041		
Comments:		
Approved:		Date:
<i>James Garcia</i>		3/8/2011

EXHIBIT 1 - CO FLEX HOSE
Lea South 25 Federal Com #5H
Nearburg Producing Co.
25-20S-34E
SHL 60 FSL & 660 FWL
BHL 330 FNL & 660 FWL
Lea County, NM





Wind Direction Indicators
(wind sock or streamers)



- H2S Monitors
(alarms at bell nipple and shale shaker)



Briefing Areas

N



Exhibit D – Rig Diagram
Lea South 25 Federal Com #5H
 Nearburg Producing Co.
 25-20S-34E
 SHL 60 FSL & 660 FWL
 BHL 330 FNL & 660 FWL
 Lea County, NM