

State of New Mexico
Energy, Minerals & Natural Resources

Form C-101

March 4, 2004

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

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

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 Nearburg Producing Company 3300 N A., St. Bldg 2, Ste 120, Midland, TX 79705		² OGRID Number 015742
⁴ Property Code 35173	⁵ Property Name Mescalero 36 State	³ API Number 30-025-37519
		⁶ Well No. 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
P	36	18S	33E		660	South	660	East	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 E-K; Bone Springs					¹⁰ Proposed Pool 2				

⁷ 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
P	36	18S	33E		660	South	660	East	Lea
Depth to ground water				Distance from nearest fresh water well			Distance from nearest surface water		
¹¹ Work Type Code N		¹² Well Type Code O		¹³ Cable/Rotary R		¹⁴ Lease Type Code S		¹⁵ Ground Level Elevation 3810	
¹⁶ Multiple N		¹⁷ Proposed Depth 10,000		¹⁸ Formation Bone Springs		¹⁹ Contractor Patterson		²⁰ Spill Date 10/15/05	

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	48	450	500	Surface
11	8-5/8	36	5000	1500	Surface
7-7/8	5-1/2	17 & 20	10,000	800	4500

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 well to sufficient depth to evaluate the Bone Springs formation. Perf. test and stimulate as necessary to establish production.

Acreage dedication is 80 acres.

**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 NMOC guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Signature: <i>Sarah Jordan</i>		Approved by: <i>[Signature]</i>	
Printed name: Sarah Jordan		Title: PETROLEUM ENGINEER	
Title: Production Analyst		Approval Date: 06-2-0 2005	
E-mail Address: sjordan@nearburg.com		Expiration Date:	
Date: 10/3/05	Phone: 432/686-8235 x 203	Conditions of Approval: Attached <input type="checkbox"/>	

State of New Mexico

Energy, Minerals and Natural Resources Department

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DISTRICT II

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DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

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 30-025-37519	Pool Code 21650	Pool Name C-K; Bone Springs
Property Code 35173	Property Name MESCALERO 36 STATE	Well Number 1
OGRID No. 015742	Operator Name NEARBURG PRODUCING COMPANY	Elevation 3810'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	36	18-S	33-E		660	SOUTH	660	EAST	LEA

Bottom Hole Location If Different From Surface

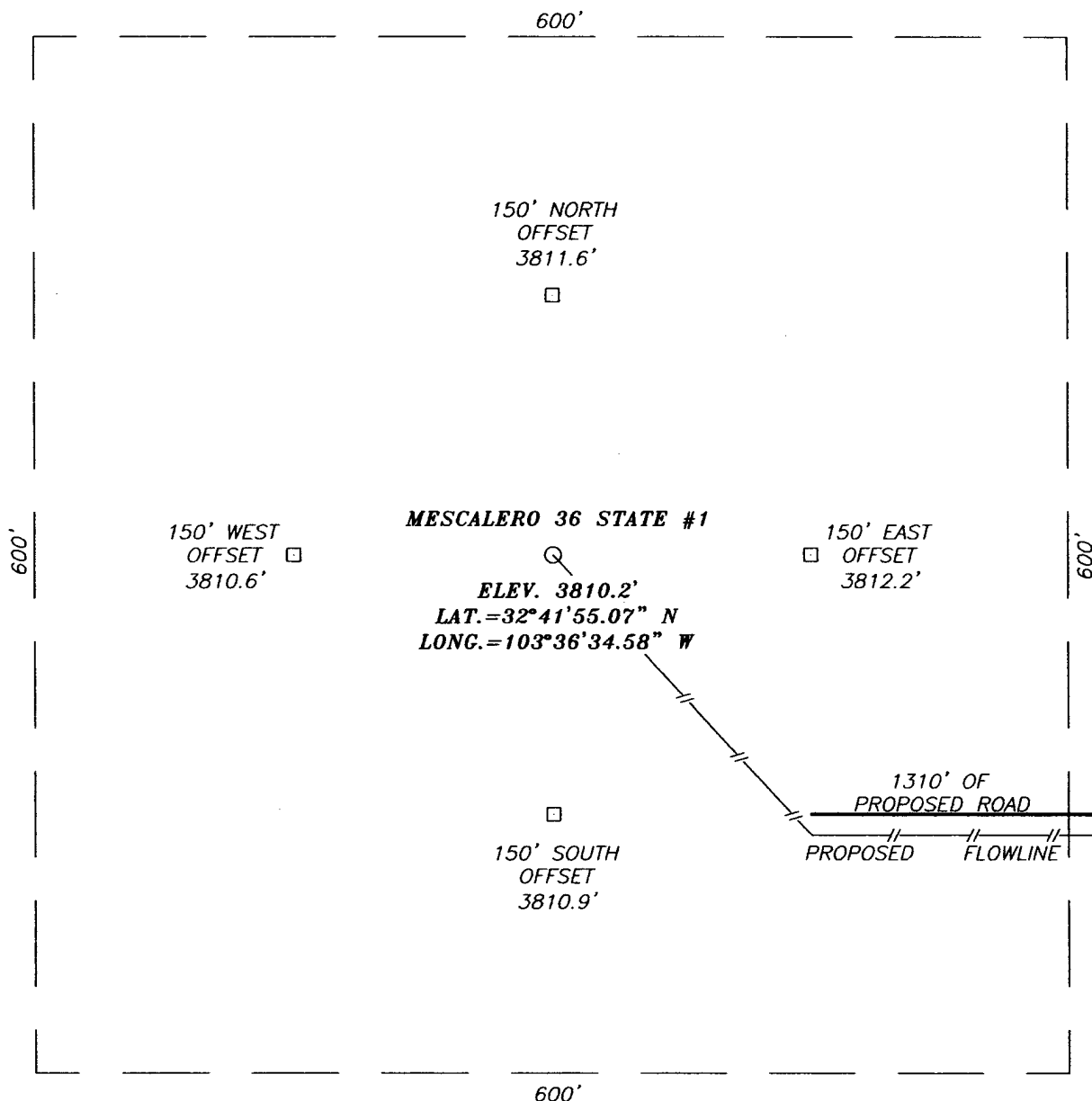
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
80			

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

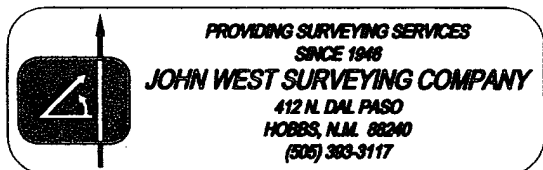
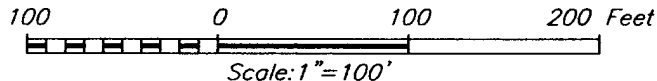
	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature <u><i>S. Jordan</i></u> Printed Name <u><i>S. Jordan</i></u> Title <u><i>Prod. Analyst</i></u> Date <u><i>10.3.05</i></u>
	SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. SEPTEMBER 16, 2005 Date Surveyed _____ LA Signature & Seal of <u><i>GARY KIDSON</i></u> Professional Surveyor NEW MEXICO 05.11.1436 Certificate No. <u><i>GARY KIDSON</i></u> 12841
	GEODETIC COORDINATES NAD 27 NME Y=618632.1 N X=722636.2 E LAT.=32°41'55.07" N LONG.=103°36'34.58" W

SECTION 36, TOWNSHIP 18 SOUTH, RANGE 33 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO



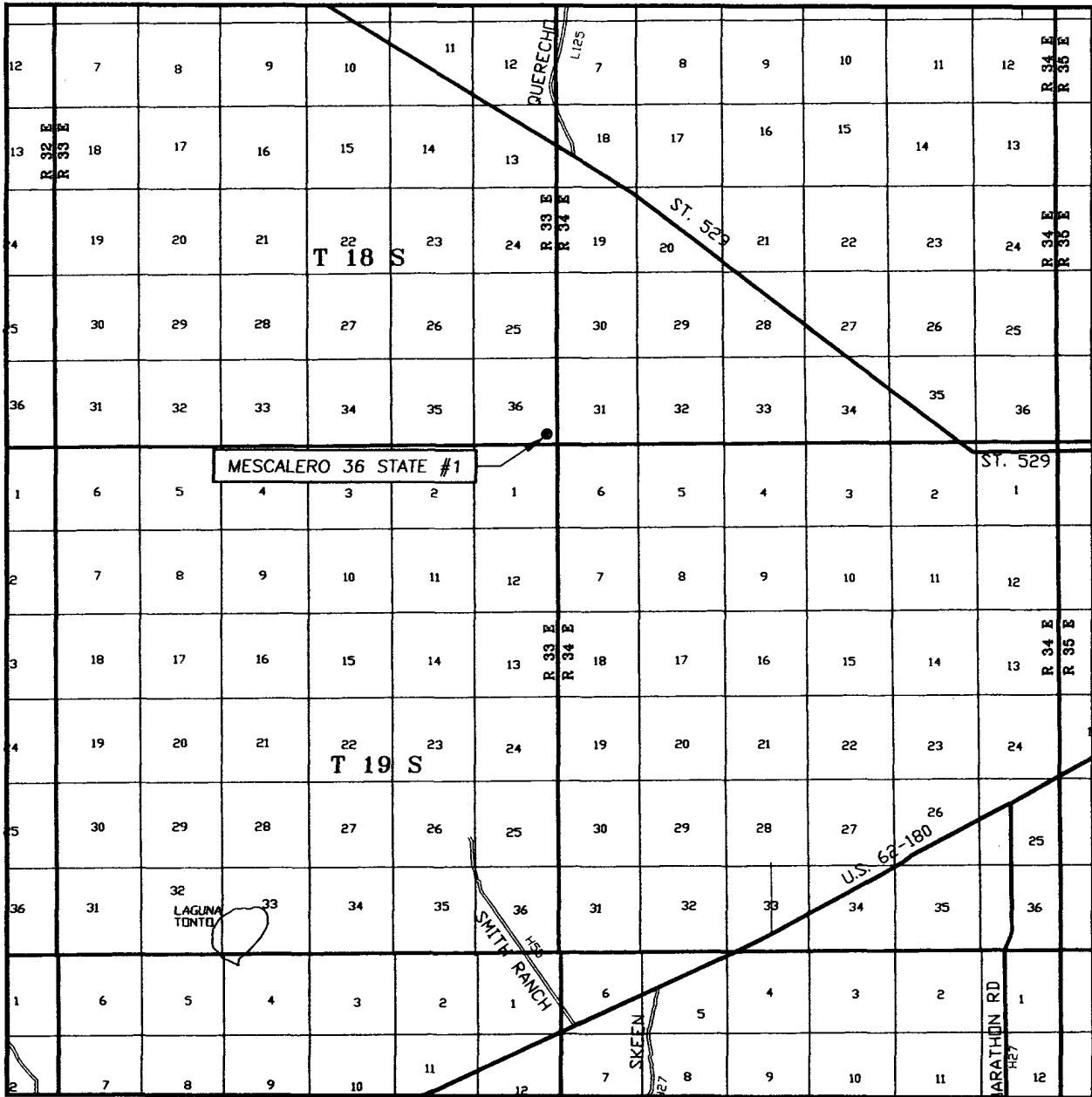
DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF ST. HWY. #529 AND CO. RD. L-125 GO SOUTH ON MAIN LEASE ROAD FOR APPROX. 1.1 MILES. TURN LEFT AND GO SOUTHEAST APPROX. 0.7 MILES. THEN TURN LEFT AND GO EAST APPROX. 0.3 MILES. THEN TURN RIGHT AND GO SOUTH APPROX. 0.6 MILES. TURN RIGHT AND GO SOUTHWEST APPROX. 0.7 MILES. TURN SOUTH APPROX. 1.0 MILES TO A PROPOSED ROAD SURVEY. FOLLOW ROAD SURVEY WEST APPROX. 1310 FEET. TO THIS LOCATION.



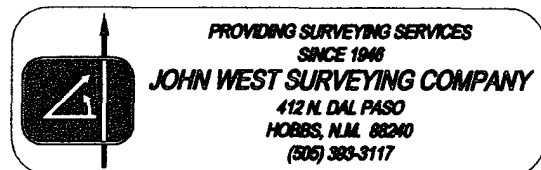
NEARBURG PRODUCING COMPANY			
MESCALERO 36 STATE #1 WELL LOCATED 660 FEET FROM THE SOUTH LINE AND 660 FEET FROM THE EAST LINE OF SECTION 36, TOWNSHIP 18 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.			
Survey Date: 9/16/05	Sheet 1 of 1 Sheets		
W.O. Number: 05.11.1436	Dr By: LA	Rev 1:N/A	
Date: 9/26/05	Disk: CD#4	05111436	Scale: 1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 36 TWP. 18-S RGE. 33-E
 SURVEY N.M.P.M.
 COUNTY LEA
 DESCRIPTION 660' FSL & 660' FEL
 ELEVATION 3810'
 OPERATOR NEARBURG PRODUCING COMPANY
 LEASE MESCALERO 36 STATE

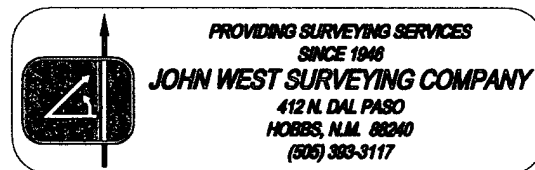


This topographic map depicts a section of land with various geographical features and infrastructure. The map includes several numbered sections: 26, 25, 30, 35, 36, 31, 2, 1, and 6. Key features include:

- Pipelines:** Labeled "PIPELINE" in multiple locations, running diagonally across the map.
- Aqueducts:** Labeled "AQUEDUCTS" in multiple locations, running diagonally across the map.
- Proposed Road:** A dashed line labeled "1310' OF PROPOSED ROAD" runs horizontally across the lower middle of the map.
- Drill Holes:** Several locations are marked with "Drill Hole" and a small circle.
- Oil Well:** One location is marked with "Oil Well" and a small circle.
- Elevations:** Contour lines and spot elevations are shown, including 3850, 3837, 3801, 3800, 3768, 3793, and 3800.
- Section Numbers:** Large numbers 26, 25, 30, 35, 36, 31, 2, 1, and 6 are placed in different areas of the map.

CONTOUR INTERVAL:
IRONHOUSE WELL, N.M. - 10'

U.S.G.S. TOPOGRAPHIC MAP
IRONHOUSE WELL, N.M.



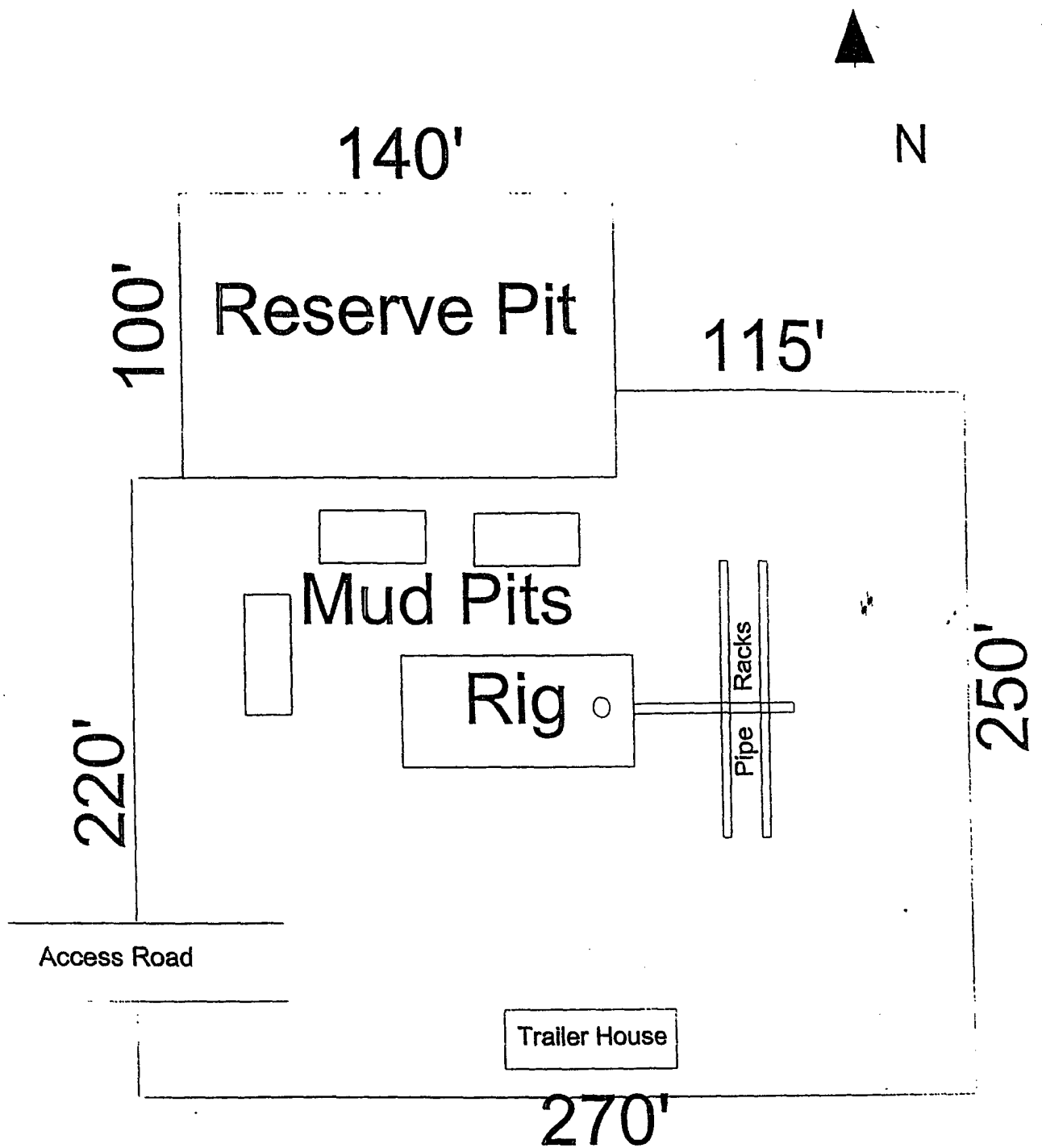
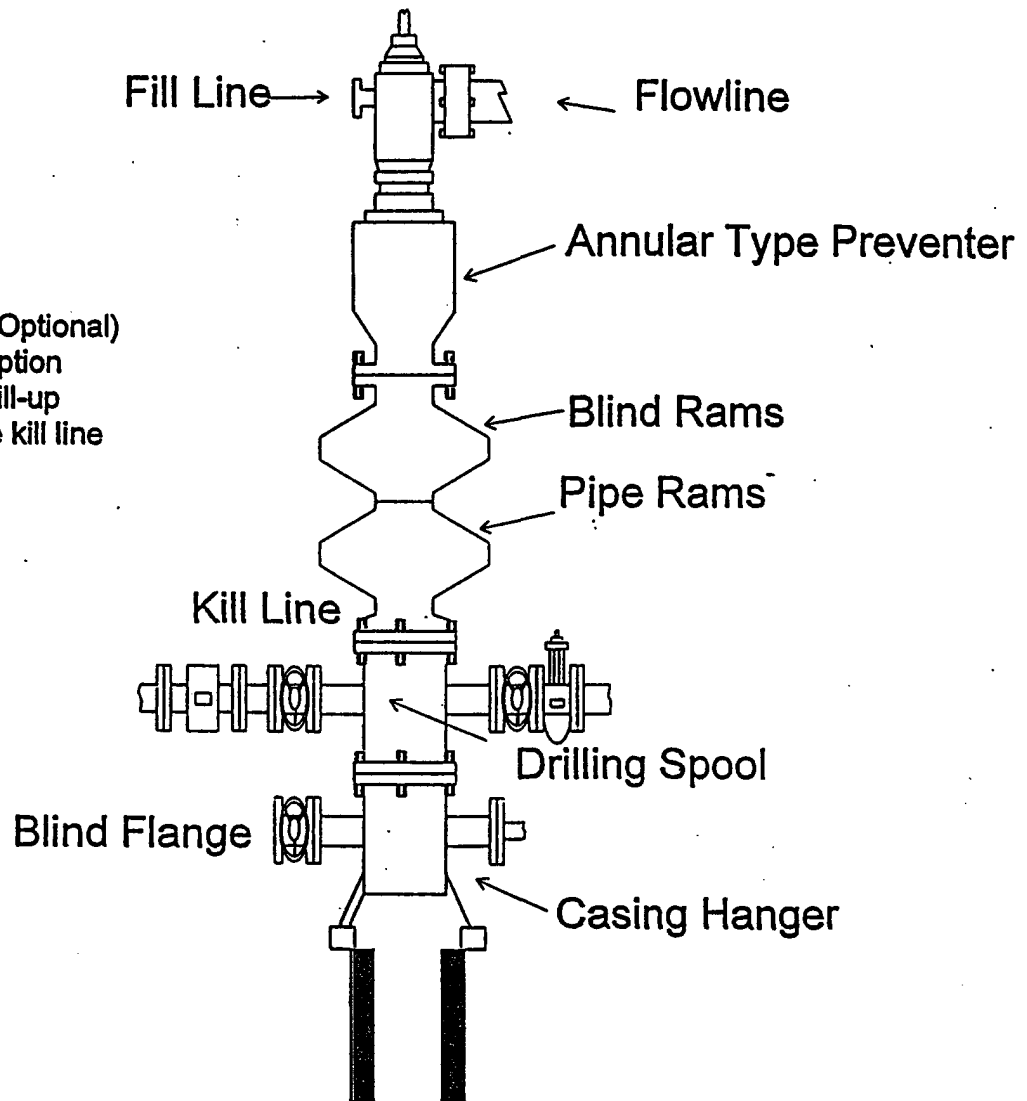


EXHIBIT B
DRILLING RIG LAYOUT
NEARBURG PRODUCING COMPANY

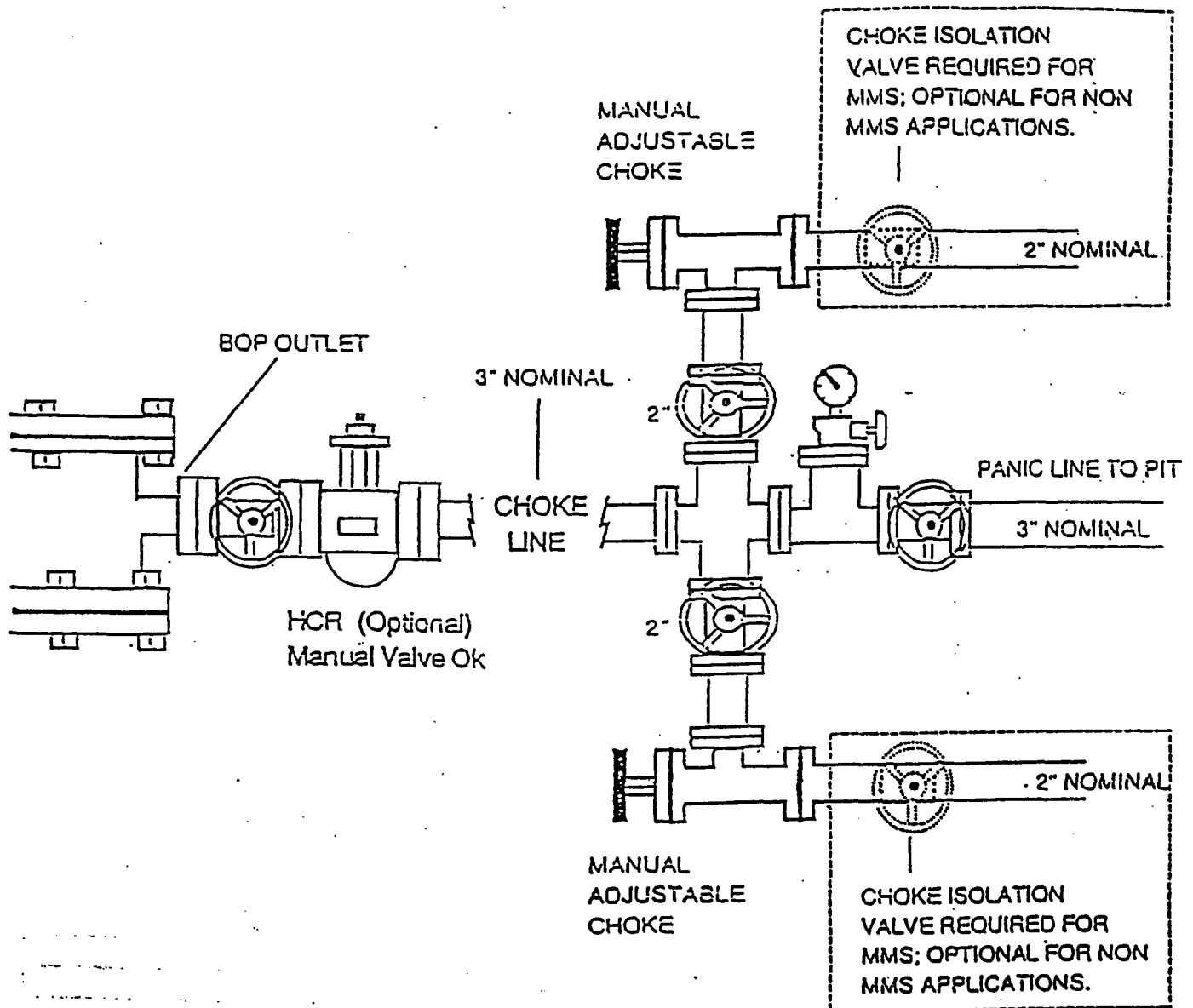
SCALE 1" = 50'

NEARBURG PRODUCING COMPANY
BOPE SCHEMATIC



900 Series

NEARBURG PRODUCING COMPANY
CHOKE MANIFOLD
2M AND 3M SERVICE



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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: Mescalero 36 State #1 API #: 30-025-37519 U/L or Qtr/Qtr P Sec 36 T 18 R 33
County: Lea Latitude _____ Longitude _____ NAD: 1927 ☒ 1983 ☐ Surface Owner Federal ☐ State ☒ Private ☐ Indian ☐

Pit	Below-grade tank	
Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlimited <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Volume _____ bbl	Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> 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	(20 points)
	50 feet or more, but less than 100 feet	(10 points)
	100 feet or more	(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	(20 points)
	No	(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	(20 points)
	200 feet or more, but less than 1000 feet	(10 points)
	1000 feet or more	(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: 10/3/05

Printed Name/Title: Sarah Jordan, Production Analyst

Signature: [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: OCT 20 2005

Printed Name/Title: _____

Signature: [Signature]

PETROLEUM ENGINEER