

SECRETARY'S POTASH

Form 3160-3
(March 2012)

OCD Hobbs

ATS-13-1166

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HOBBS OCD

JUL 07 2014

5. Lease Serial No.
SUL **BML**
NMLC066126, NMNM028880, NMNM078273
6. If Indian, Allottee or Tribe Name

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER **RECEIVED**

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator
Nearburg Producing Company

3a. Address 3300 N. A Street, Bldg 2, Ste 120; Midland, Tx 79705
3b. Phone No. (include area code) 432-818-2940

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At Surface 330' FSL & 2130' FWL (N)
At proposed prod. Zone 330' FNL & 2130' FWL (C) Horizontal Bone Spring test

14. Distance in miles and direction from nearest town or post office*

Approximately 25 miles southeast of Hobbs, NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line if any) 330'
16. No of acres in lease 1360.75
NM066126 = 800 acres;
NM028880 = 160.75 acres;
NM078273 = 400 acres
17. Spacing Unit dedicated to this well 160

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 150' from #1
19. Proposed Depth 14,084' MD 9,580' TVD
20. BLM/BIA Bond No. on File NMB000153

21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3683' GR
22. Approximate date work will start* 12.15.13
23. Estimated duration 35-40 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:

- Well plat certified by a registered surveyor
- A Drilling Plan
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator Certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature *Tim Green* Name (Printed/Typed) Tim Green Date 08.23.13

Title

Marketing and Production Services Manager

Approved By (Signature) /s/George MacDonell Name (Printed/Typed) /s/George MacDonell Date JUN 27 2014

Title

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

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.

APPROVAL FOR TWO YEARS

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

K2
07/09/14

SEE ATTACHED FOR

Approval Subject to General Requirements
& Special Stipulations Attached

CONDITIONS OF APPROVAL

JUL 09 2014

PM

Operator Certification Statement
Laguna 23 Federal Com #3H
Nearburg Producing Company
UL: N; Sec 23-20S-34E
Lea County, NM

Operator's Representative

Nearburg Producing Company
3300 N. A Street, Bldg 2, Ste 120
Midland, TX 79705
Office Phone: (432) 818-2940

CERTIFICATION: I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 23rd day of August, 2013

NAME: 
Tim Green

TITLE: Marketing and Production Services Manager

ADDRESS: 3300 N. A Street Bldg 2 Ste 120
Midland, TX 79705

TELEPHONE: 432-818-2940

EMAIL: tgreen@nearburg.com

Field Representative: Same as above

Application to Drill
Laguna 23 Federal Com #3H
Nearburg Producing Company
UL: N; Sec 23-20S-34E
Lea County, 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 330' FSL & 2130' FWL
BHL 330' FNL & 2130' FWL
- 2 Elevation above sea level: 3683' 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: 14,084' MD 9,580' TVD
- 6 Estimated tops of geological markers:

Formation	Est. Top	Bearing
Rustler	1625	NA
Salt	1850	NA
Tansill	3440	NA
Seven Rivers	4010	NA
Capitan	4040	NA
Delaware Sands	5530	Hydrocarbons
Cherry Canyon	5615	Hydrocarbons
Brushy Canyon	6600	NA
Basal Brushy Canyon	8082	NA
Bone Spring	8320	Hydrocarbons
Avalon Shale	9200	Hydrocarbons
1st BSS	9630	Hydrocarbons
2nd BSS	10070	NA
3rd BS Carbonate	10580	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	Condition	BHP (psig)	Anticipated Mud Weight (ppg)	Collapse SF Full Evacuation (1.125)	Collapse SF 1/3 Evacuation (1.125)	Burst SF (1.125)	Cumulative Air Weight (lbs)	Cumulative Bouyed Weight (lbs)	Bouyant Tension SF (1.8)
Surface																
0'	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'	5450'	5450'	12 1/4	9 5/8	40	J-55	LT&C	New	2,453	10.2		1.52	1.61	218,000	184,052	2.83
Production																
0'	9190'	9190'	8 3/4	5 1/2	17	N-80	LT&C	New	2,203	9.2	1.43		3.51	162,860	139,985	2.49
9190'	14084'	9580'	8 3/4	5 1/2	17	N-80	BT&C	New	4,311	9.2	1.37		1.80	6,630	5,699	69.66

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
Laguna 23 Federal Com #3H
Nearburg Producing Company
UL: N; Sec 23-20S-34E
Lea County, NM

9 Cementing Program:

Surface	Sacks	Yield (cuft/sx)	Weight (ppg)	Cubic Feet	Cement Blend
Lead	1060	1.75	13.5	1855	Class C + Bentonite + Calcium Chloride + LCM, 8.829 gps water
Tail	400	1.34	14.8	536	Class C + LCM, 6.32 gps water

TOC: 0' 70% Excess Centralizers per Onshore Order 2.III.B.1f

Intermediate	Sacks	Yield (cuft/sx)	Weight (ppg)	Cubic Feet	Cement Blend
Lead	1190	1.88	12.9	2232	35:65 (poz/C) + Salt + Bentonite + LCM + retarder , 9.65 gps water
Tail	310	1.34	14.8	411	Class C + retarder + LCM, 6.32 gps water

TOC: 0' 79% Excess

Production	Sacks	Yield (cuft/sx)	Weight (ppg)	Cubic Feet	Cement Blend
Lead	467	2.4	11.9	1121	35:65 (poz/H) + salt + Sodium Metasilcate + Bentonite + Fluid Loss + Dispersant + LCM + Retarder, 13.80 gps water
Tail	1397	1.24	14.5	1732	50:50 (poz/H) + Bentonite + Salt + Fluid Loss + Dispersant + LCM + Retarder , 5.55 gps water

Cement volumes will be adjusted depending on hole size.

TOC: 4950' 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.

9a Lateral KO Drilling Plan:

Pilot Hole TD: No Pilot Hole

KOP: 9190'

EOC: 9950'

Set Surface and Intermediate casing strings. Drill production hole to KOP. Continue drilling lateral through the curve to TD. Run prod casing & cement.

10 Pressure Control Equipment:

Exhibit "E-1". A BOP consisting of two rams with blind rams and pipe rams, and one annular preventer. Below the surface casing, a 2M system will be used. Below the intermediate casing, a 3M system will be used. See attachments for BOP and choke manifold diagrams. An accumulator that meets the requirements in Onshore Order #2 for the pressure rating of the BOP stack. A Rotating head may be installed 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 and associated equipment will be installed, used, maintained, and tested in a manner necessary to assure well control and shall be in place and operational prior to drilling the surface casing shoe. The Annular Preventer shall be functioned at least weekly. The pipe and blind rams will be operated each trip. No abnormal pressure or temperature is expected while drilling.

BOPS will be tested by an independent service company. The ram preventers, choke manifold, and safety valves will be tested as follows: On the surface casing, pressure tests will be made to 250 psi low and 2000 psi high. On the intermediate casing, pressure tests will be made to 250 psi low and 3000 psi high.

The Annular Preventer will be tested to 250 psi low and 1000 psi high on the surface casing, and 250 low and 1500 high on the intermediate casing.

Nearburg Producing Company 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
Laguna 23 Federal Com #4H
Nearburg Producing Company
UL: M; Sec 23-20S-34E
Lea County, NM

Sue COA

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	5450'	10.2	30-32	NC	Brine water
5450'	to	14365'	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: No Pilot Hole

KOP: 9,190'

EOC: 9949'

Set Surface and Intermediate casing strings. Drill production hole to KOP. Continue drilling lateral through the curve to TD. Run prod casing & cement.

13 Testing, Logging and Coring Program:

- A. Mud logging program: 2 man unit from 5450' 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.

Nearburg

Estimated BHP

4311 psi

Estimated BHT

160°

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

Drilling expected to take : **35-40 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.

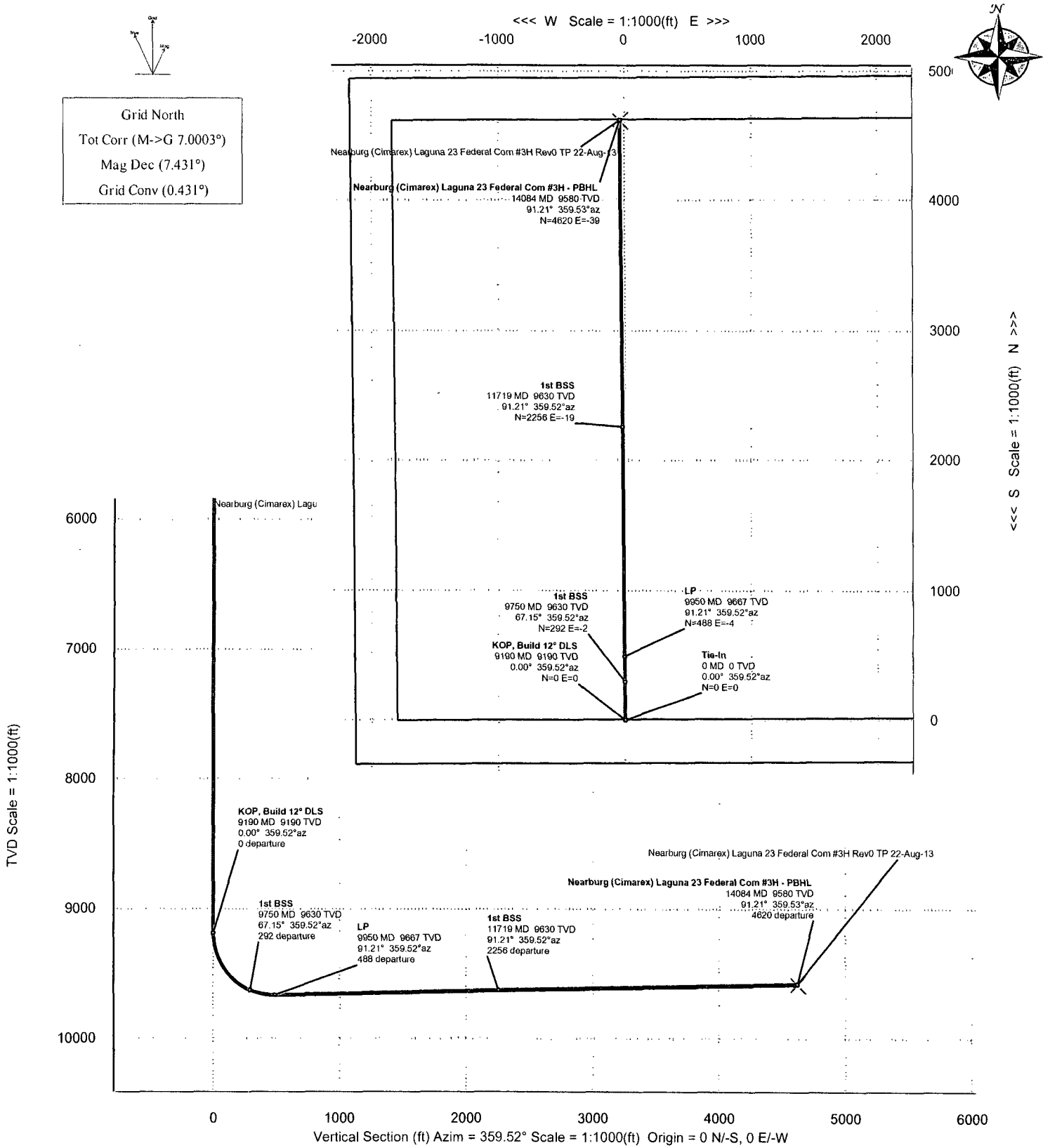
Bone Spring pay will be perforated and stimulated.

The proposed well will be tested and potentialized as

Oil



WELL Laguna 23 Federal Com #3H			FIELD NM Lea County (NAD 83)			STRUCTURE Nearburg (Cimarex) Laguna 23		
Magnetic Parameters Model: BGGM 2012 Dip: 60.402° Mag Dec: 7.431°			Surface Location Lat: N 32 33 8.181 Lon: W 103 31 57.329 Northing: 565575.10 RUS Easting: 788062.00 RUS NAD83 New Mexico State Plane, Eastern Zone, US Feet Grid Conv: 0.431° Scale Fact: 0.99997880			Miscellaneous Spot: Laguna 23 Federal Com #3H TVD Ref: Ground Level 3583 ft above MSL Plan: Nearburg (Cimarex) Laguna 23 Federal Com #3H Rev0 TP 22-Aug-13		



Critical Points

Critical Point	MD	INCL	AZIM	TVD	VSEC	N(+) / S(-)	E(+) / W(-)	DLS
Tie-In	0.00	0.00	359.52	0.00	0.00	0.00	0.00	
9 5/8 Casing Point	5450.00	0.00	359.52	5450.00	0.00	0.00	0.00	0.00
KOP, Build 12° DLS	9190.00	0.00	359.52	9190.00	0.00	0.00	0.00	0.00
1st BSS	9749.59	67.15	359.52	9630.00	292.07	292.06	-2.45	12.00
LP	9950.08	91.21	359.52	9667.36	487.55	487.53	-4.08	12.00
1st BSS	11718.57	91.21	359.52	9630.00	2255.64	2255.56	-18.86	0.00
Nearburg (Cimarex) Laguna 23 Federal Com #3H - PBHL	14083.53	91.21	359.53	9580.00	4620.07	4619.91	-38.50	0.00

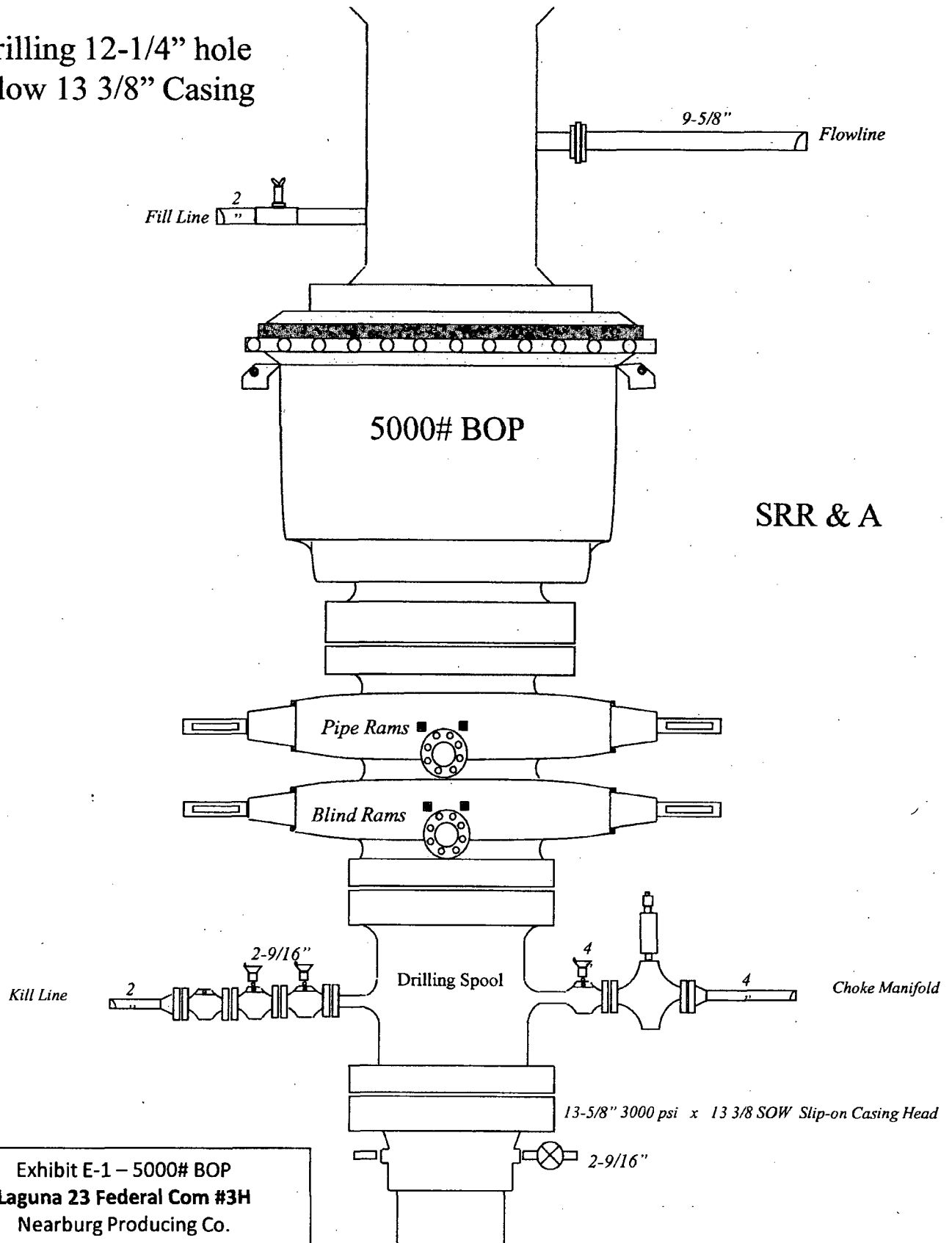
Nearburg (Cimarex) Laguna 23 Federal Com #3H Rev0 TP 22-Aug-13
Proposal Report
(Def Plan)

Report Date:	August 22, 2013 - 03:43 PM	Survey / DLS Computation:	Minimum Curvature / Lubinski
Client:	Cimarex Energy	Vertical Section Azimuth:	359.523 ° (Grid North)
Field:	NM Lea County (NAD 83)	Vertical Section Origin:	0.000 ft, 0.000 ft
Structure / Slot:	Nearburg (Cimarex) Laguna 23 Federal Com #3H / Laguna 23 Federal Com #3H	TVD Reference Datum:	Ground Level
Well:	Laguna 23 Federal Com #3H	TVD Reference Elevation:	3683.000 ft above MSL
Borehole:	Original Borehole	Seabed / Ground Elevation:	3683.000 ft above MSL
UWI / API#:	Unknown / Unknown	Magnetic Declination:	7.431 °
Survey Name:	Nearburg (Cimarex) Laguna 23 Federal Com #3H Rev0 TP 22-Aug-13	Total Field Strength:	48565.231 nT
Survey Date:	August 22, 2013	Magnetic Dip Angle:	60.402 °
Tort / AHD / DDI / ERD Ratio:	91.216 ° / 4620.068 ft / 5.788 / 0.478	Declination Date:	August 22, 2013
Coordinate Reference System:	NAD83 New Mexico State Plane, Eastern Zone, US Feet	Magnetic Declination Model:	BGGM 2012
Location Lat / Long:	N 32° 33' 8.18088", W 103° 31' 57.32891"	North Reference:	Grid North
Location Grid NIE YIX:	N 565575.100 RUS, E 788062.000 RUS	Grid Convergence Used:	0.4309 °
CRS Grid Convergence Angle:	0.4309 °	Total Corr Mag North->Grid North:	7.0003 °
Grid Scale Factor:	0.9999788	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)
Tie-In	0.00	0.00	359.52	0.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	N/A
	100.00	0.00	359.52	100.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	200.00	0.00	359.52	200.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	300.00	0.00	359.52	300.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	400.00	0.00	359.52	400.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	500.00	0.00	359.52	500.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	600.00	0.00	359.52	600.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	700.00	0.00	359.52	700.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	800.00	0.00	359.52	800.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	900.00	0.00	359.52	900.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	1000.00	0.00	359.52	1000.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	1100.00	0.00	359.52	1100.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	1200.00	0.00	359.52	1200.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	1300.00	0.00	359.52	1300.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	1400.00	0.00	359.52	1400.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	1500.00	0.00	359.52	1500.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	1600.00	0.00	359.52	1600.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	1700.00	0.00	359.52	1700.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	1800.00	0.00	359.52	1800.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	1900.00	0.00	359.52	1900.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	2000.00	0.00	359.52	2000.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	2100.00	0.00	359.52	2100.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	2200.00	0.00	359.52	2200.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	2300.00	0.00	359.52	2300.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	2400.00	0.00	359.52	2400.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	2500.00	0.00	359.52	2500.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	2600.00	0.00	359.52	2600.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	2700.00	0.00	359.52	2700.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	2800.00	0.00	359.52	2800.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	2900.00	0.00	359.52	2900.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	3000.00	0.00	359.52	3000.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	3100.00	0.00	359.52	3100.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	3200.00	0.00	359.52	3200.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	3300.00	0.00	359.52	3300.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	3400.00	0.00	359.52	3400.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	3500.00	0.00	359.52	3500.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	3600.00	0.00	359.52	3600.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	3700.00	0.00	359.52	3700.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	3800.00	0.00	359.52	3800.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	3900.00	0.00	359.52	3900.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	4000.00	0.00	359.52	4000.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	4100.00	0.00	359.52	4100.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	4200.00	0.00	359.52	4200.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	4300.00	0.00	359.52	4300.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	4400.00	0.00	359.52	4400.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	4500.00	0.00	359.52	4500.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	4600.00	0.00	359.52	4600.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	4700.00	0.00	359.52	4700.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	4800.00	0.00	359.52	4800.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	4900.00	0.00	359.52	4900.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	5000.00	0.00	359.52	5000.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	5100.00	0.00	359.52	5100.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	5200.00	0.00	359.52	5200.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	5300.00	0.00	359.52	5300.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	5400.00	0.00	359.52	5400.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
9 5/8 Casing Point	5450.00	0.00	359.52	5450.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	5500.00	0.00	359.52	5500.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	5600.00	0.00	359.52	5600.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	5700.00	0.00	359.52	5700.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	5800.00	0.00	359.52	5800.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	5900.00	0.00	359.52	5900.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	6000.00	0.00	359.52	6000.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	6100.00	0.00	359.52	6100.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	6200.00	0.00	359.52	6200.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	6300.00	0.00	359.52	6300.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	6400.00	0.00	359.52	6400.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	6500.00	0.00	359.52	6										

Comments	MD (ft)	Incl (°)	Azim (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")	Closure (ft)	Closure Azimuth (°)	DLS (ft/100ft)
	7700.00	0.00	359.52	7700.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	7800.00	0.00	359.52	7800.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	7900.00	0.00	359.52	7900.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	8000.00	0.00	359.52	8000.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	8100.00	0.00	359.52	8100.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	8200.00	0.00	359.52	8200.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	8300.00	0.00	359.52	8300.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	8400.00	0.00	359.52	8400.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	8500.00	0.00	359.52	8500.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	8600.00	0.00	359.52	8600.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	8700.00	0.00	359.52	8700.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	8800.00	0.00	359.52	8800.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	8900.00	0.00	359.52	8900.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	9000.00	0.00	359.52	9000.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	9100.00	0.00	359.52	9100.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
KOP, Build 12" DLS	9190.00	0.00	359.52	9190.00	0.00	0.00	0.00	565575.10	788062.00	N 32 33 8.18	W 103 31 57.33	0.00	0.00	0.00
	9200.00	1.20	359.52	9200.00	0.10	0.10	0.00	565575.20	788062.00	N 32 33 8.18	W 103 31 57.33	0.10	359.52	12.00
	9300.00	13.20	359.52	9296.03	12.62	12.61	-0.11	565587.71	788061.89	N 32 33 8.31	W 103 31 57.33	12.62	359.52	12.00
	9400.00	25.20	359.52	9363.29	45.44	45.44	-0.38	565620.54	788061.82	N 32 33 8.63	W 103 31 57.33	45.44	359.52	12.00
	9500.00	37.20	359.52	9478.67	97.15	97.15	-0.81	565627.24	788061.19	N 32 33 9.14	W 103 31 57.33	97.15	359.52	12.00
	9600.00	49.20	359.52	9551.44	165.48	165.47	-1.39	565740.57	788060.81	N 32 33 9.82	W 103 31 57.33	165.48	359.52	12.00
	9700.00	61.20	359.52	9608.41	247.44	247.44	-2.07	565822.53	788059.93	N 32 33 10.63	W 103 31 57.33	247.44	359.52	12.00
1st BSS	9749.59	67.15	359.52	9630.00	292.07	292.06	-2.45	565867.15	788059.55	N 32 33 11.07	W 103 31 57.33	292.07	359.52	12.00
	9800.00	73.20	359.52	9647.09	339.46	339.45	-2.84	565914.54	788059.16	N 32 33 11.54	W 103 31 57.33	339.46	359.52	12.00
	9900.00	85.20	359.52	9665.79	437.51	437.50	-3.67	566012.69	788058.33	N 32 33 12.51	W 103 31 57.33	437.51	359.52	12.00
LP	9950.08	91.21	359.52	9687.36	487.55	487.53	-4.08	566062.82	788057.92	N 32 33 13.00	W 103 31 57.33	487.55	359.52	12.00
	10000.00	91.21	359.52	9686.30	537.45	537.43	-4.50	566112.52	788057.50	N 32 33 13.50	W 103 31 57.33	537.45	359.52	0.00
	10100.00	91.21	359.52	9664.19	637.43	637.41	-5.34	566212.49	788056.66	N 32 33 14.49	W 103 31 57.34	637.43	359.52	0.00
	10200.00	91.21	359.52	9662.08	737.41	737.38	-6.18	566312.47	788055.82	N 32 33 15.48	W 103 31 57.34	737.41	359.52	0.00
	10300.00	91.21	359.52	9659.97	837.39	837.36	-7.01	566412.44	788054.99	N 32 33 16.47	W 103 31 57.34	837.39	359.52	0.00
	10400.00	91.21	359.52	9657.86	937.36	937.33	-7.85	566512.41	788054.15	N 32 33 17.46	W 103 31 57.34	937.36	359.52	0.00
	10500.00	91.21	359.52	9655.74	1037.34	1037.31	-8.69	566612.38	788053.31	N 32 33 18.44	W 103 31 57.34	1037.34	359.52	0.00
	10600.00	91.21	359.52	9653.63	1137.32	1137.28	-8.52	566712.35	788052.48	N 32 33 19.43	W 103 31 57.34	1137.32	359.52	0.00
	10700.00	91.21	359.52	9651.52	1237.30	1237.25	-10.38	566812.32	788051.64	N 32 33 20.42	W 103 31 57.34	1237.30	359.52	0.00
	10800.00	91.21	359.52	9649.41	1337.27	1337.23	-11.19	566912.30	788050.81	N 32 33 21.41	W 103 31 57.34	1337.27	359.52	0.00
	10900.00	91.21	359.52	9647.30	1437.25	1437.20	-12.03	567012.27	788049.97	N 32 33 22.40	W 103 31 57.34	1437.25	359.52	0.00
	11000.00	91.21	359.52	9645.18	1537.23	1537.18	-12.86	567112.24	788049.14	N 32 33 23.39	W 103 31 57.34	1537.23	359.52	0.00
	11100.00	91.21	359.52	9643.07	1637.21	1637.15	-13.70	567212.21	788048.30	N 32 33 24.38	W 103 31 57.35	1637.21	359.52	0.00
	11200.00	91.21	359.52	9640.96	1737.19	1737.12	-14.53	567312.18	788047.47	N 32 33 25.37	W 103 31 57.35	1737.19	359.52	0.00
	11300.00	91.21	359.52	9638.84	1837.16	1837.10	-15.37	567412.16	788046.63	N 32 33 26.36	W 103 31 57.35	1837.16	359.52	0.00
	11400.00	91.21	359.52	9636.73	1937.14	1937.07	-16.20	567512.13	788045.80	N 32 33 27.35	W 103 31 57.35	1937.14	359.52	0.00
	11500.00	91.21	359.52	9634.62	2037.12	2037.05	-17.04	567612.10	788044.96	N 32 33 28.34	W 103 31 57.35	2037.12	359.52	0.00
	11600.00	91.21	359.52	9632.51	2137.10	2137.02	-17.87	567712.07	788044.13	N 32 33 29.33	W 103 31 57.35	2137.10	359.52	0.00
1st BSS	11700.00	91.21	359.52	9630.39	2237.07	2237.00	-18.70	567812.04	788043.30	N 32 33 30.32	W 103 31 57.35	2237.07	359.52	0.00
	11718.57	91.21	359.52	9630.00	2255.64	2255.56	-18.86	567830.81	788043.14	N 32 33 30.50	W 103 31 57.35	2255.64	359.52	0.00
	11800.00	91.21	359.52	9628.28	2337.05	2336.97	-19.54	567912.02	788042.46	N 32 33 31.31	W 103 31 57.35	2337.05	359.52	0.00
	11900.00	91.21	359.52	9626.17	2437.03	2436.94	-20.37	568011.99	788041.63	N 32 33 32.29	W 103 31 57.35	2437.03	359.52	0.00
	12000.00	91.21	359.52	9624.05	2537.01	2536.92	-21.20	568111.96	788040.80	N 32 33 33.28	W 103 31 57.35	2537.01	359.52	0.00
	12100.00	91.21	359.52	9621.94	2636.98	2636.89	-22.04	568211.93	788039.96	N 32 33 34.27	W 103 31 57.35	2636.98	359.52	0.00
	12200.00	91.21	359.52	9619.83	2736.97	2736.87	-22.87	568311.90	788039.13	N 32 33 35.26	W 103 31 57.36	2736.97	359.52	0.00
	12300.00	91.21	359.52	9617.71	2836.94	2836.84	-23.70	568411.87	788038.30	N 32 33 36.25	W 103 31 57.36	2836.94	359.52	0.00
	12400.00	91.21	359.52	9615.60	2936.92	2936.81	-24.53	568511.85	788037.47	N 32 33 37.24	W 103 31 57.36	2936.92	359.52	0.00
	12500.00	91.21	359.52	9613.48	3036.89	3036.79	-25.36	568611.82	788036.64	N 32 33 38.23	W 103 31 57.36	3036.89	359.52	0.00
	12600.00	91.21	359.52	9611.37	3136.87	3136.76	-26.20	568711.79	788035.81	N 32 33 39.22	W 103 31 57.36	3136.87	359.52	0.00
	12700.00	91.21	359.52	9609.26	3236.85	3236.74	-27.03	568811.76	788034.97	N 32 33 40.21	W 103 31 57.36	3236.85	359.52	0.00
	12800.00	91.21	359.52	9607.14	3336.83	3336.71	-27.86	568911.73	788034.14	N 32 33 41.20	W 103 31 57.36	3336.83	359.52	0.00
	12900.00	91.21	359.52	9605.03	3436.81	3436.69	-28.69	569011.71	788033.31	N 32 33 42.19	W 103 31 57.36	3436.81	359.52	0.00
	13000.00	91.21	359.52	9602.91	3536.78	3536.66	-29.52	569111.68	788032.48	N 32 33 43.18	W 103 31 57.36	3536.78	359.52	0.00
	13100.00	91.21	359.52	9600.80	3636.76	3636.63	-30.35	569211.65	788031.65	N 32 33 44.17	W 103 31 57.36	3636.76	359.52	0.00
	13200.00	91.21	359.52	9598.69	3736.74	3736.61	-31.18	569311.62	788030.82	N 32 33 45.15	W 103 31 57.36	3736.74	359.52	0.00
	13300.00	91.21	359.52	9596.57	3836.72	3836.58	-32.01	569411.59	788029.99	N 32 33 46.14	W 103 31 57.37	3836.72	359.52	0.00
	13400.00	91.21	359.52	9594.46	3936.69	3936.56	-32.84	569511.57	788029.16	N 32 33 47.13	W 103 31 57.37	3936.69	359.52	0.00
	13500.00	91.21	359.52	9592.34	4036.67	4036.53	-33.67	569611.54	788028.33	N 32 33 48.12	W 103 31 57.37	4036.67	359.52	0.00
	13600.00	91.21	359.52	9590.23	4136.65	4136.51	-34.50	569711.51	788027.50	N 32 33 49.11	W 103 31 57.37	4136.65	359.52	0.00
	13700.00	91.21	359.53	9588.11	4236.63	4236.48	-35.32	569811.48	788026.68	N 32 33 50.10	W 103 31 57.37	4236.63	359.52	0.00
	13800.00	91.21	359.53	9586.00	4336.60	4336.45	-36.15	569911.45	788025.85	N 32 33 51.09	W 103 31 57.37	4336.60	359.52	0.00
	13900.00	91.21	359.53	9583.88	4436.58	4436.43	-36.98	570011.42	788025.02	N 32 33 52.08	W 103 31 57.37	4436.58	359.52	0.00
	14000.00	91.21	359.53	9581.77	4536.56	4536.40	-37.81	5701						

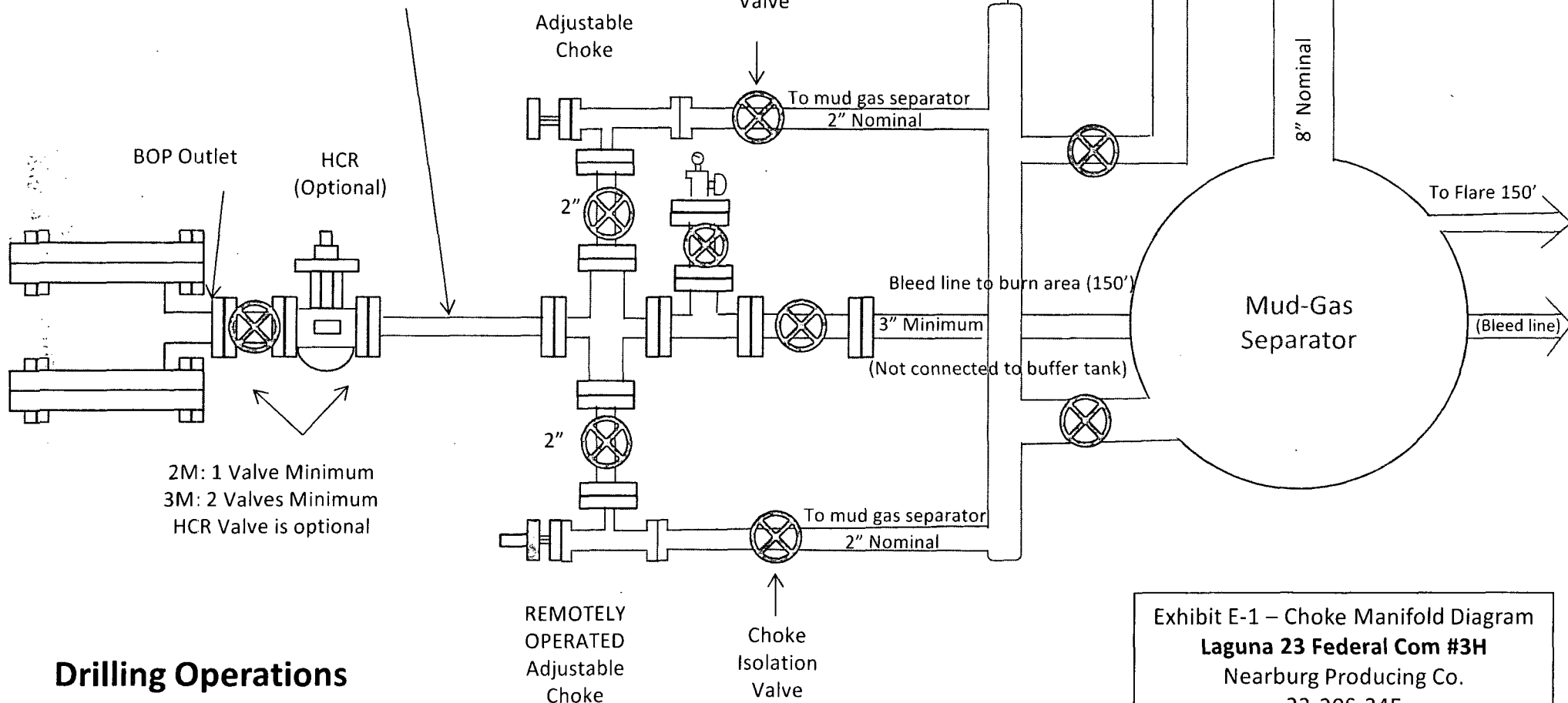
Drilling 12-1/4" hole
below 13 3/8" Casing



SRR & A

Exhibit E-1 – 5000# BOP
Laguna 23 Federal Com #3H
Nearburg Producing Co.
23-20S-34E
SHL 330 FSL & 2130 FWL
BHL 330 FNL & 2130 FWL
Lea County, NM

Choke Line:
 2M System: 2" Minimum
 3M System: 3" Minimum
 OPTIONAL: 4" Flex Hose may be
 used if approved in APD



2M: 1 Valve Minimum
 3M: 2 Valves Minimum
 HCR Valve is optional

Drilling Operations Choke Manifold 2M/3M Service

Exhibit E-1 – Choke Manifold Diagram
Laguna 23 Federal Com #3H
 Nearburg Producing Co.
 23-20S-34E
 SHL 330 FSL & 2130 FWL
 BHL 330 FNL & 2130 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: <i>A. Davis</i>	Approved: <i>Leif Hef</i>



Midwest Hose
& Specialty, Inc.

Internal Hydrostatic Test Graph

Customer: Houston

Pick Ticket #: 94260

March 3, 2011

Hose Specifications

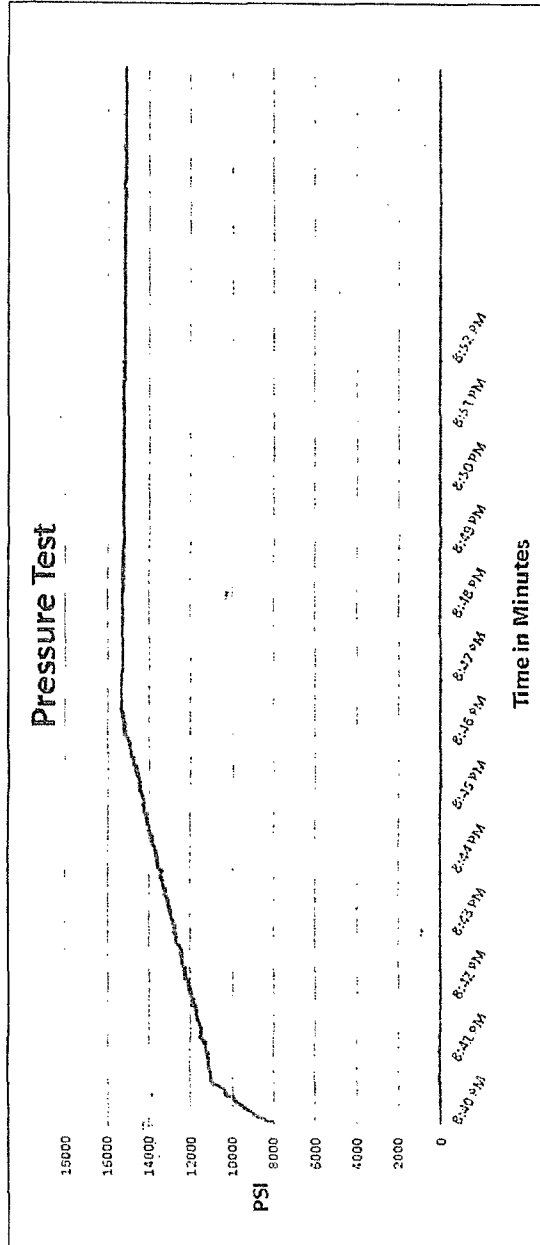
Hose Type
C S K
I.D.
4"
Working Pressure
10000 PSI

Length
45'
O.D.
6.09"
Burst Pressure
Standards Safety Multiplier Applies

Verification

Type of Fittings
41/16 10K
Die Size
6.38"
Hose Serial #
5544
Coupling Method
Swage
Final O.D.
6.25"
Hose Assembly Serial #
79793

Exhibit F-1 – Co-Flex Hose Hydrostatic Test
Laguna 23 Federal Com #3H
Nearburg Producing Co.
23-20S-34E
SHL 330 FSL & 2130 FWL
BHL 330 FNL & 2130 FWL
Lea County, NM



Test Pressure
15000 PSI

Time Held at Test Pressure
11 Minutes

Actual Burst Pressure
15463 PSI

Peak Pressure
15463 PSI

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
Laguna 23 Federal Com #3H
Nearburg Producing Co.
23-20S-34E
SHL 330 FSL & 2130 FWL
BHL 330 FNL & 2130 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
Laguna 23 Federal Com #3H
Nearburg Producing Co.
23-20S-34E
SHL 330 FSL & 2130 FWL
BHL 330 FNL & 2130 FWL
Lea County, NM

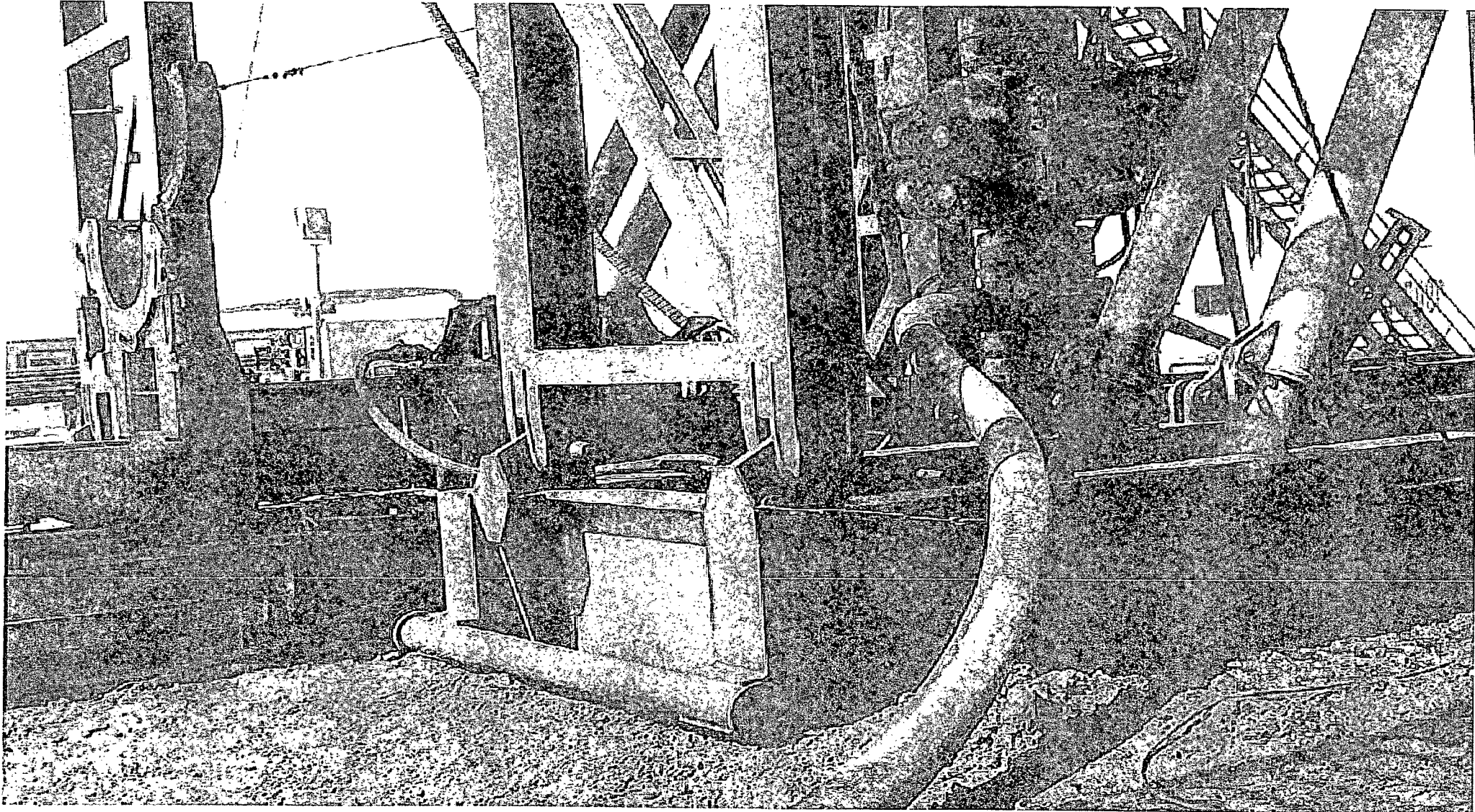


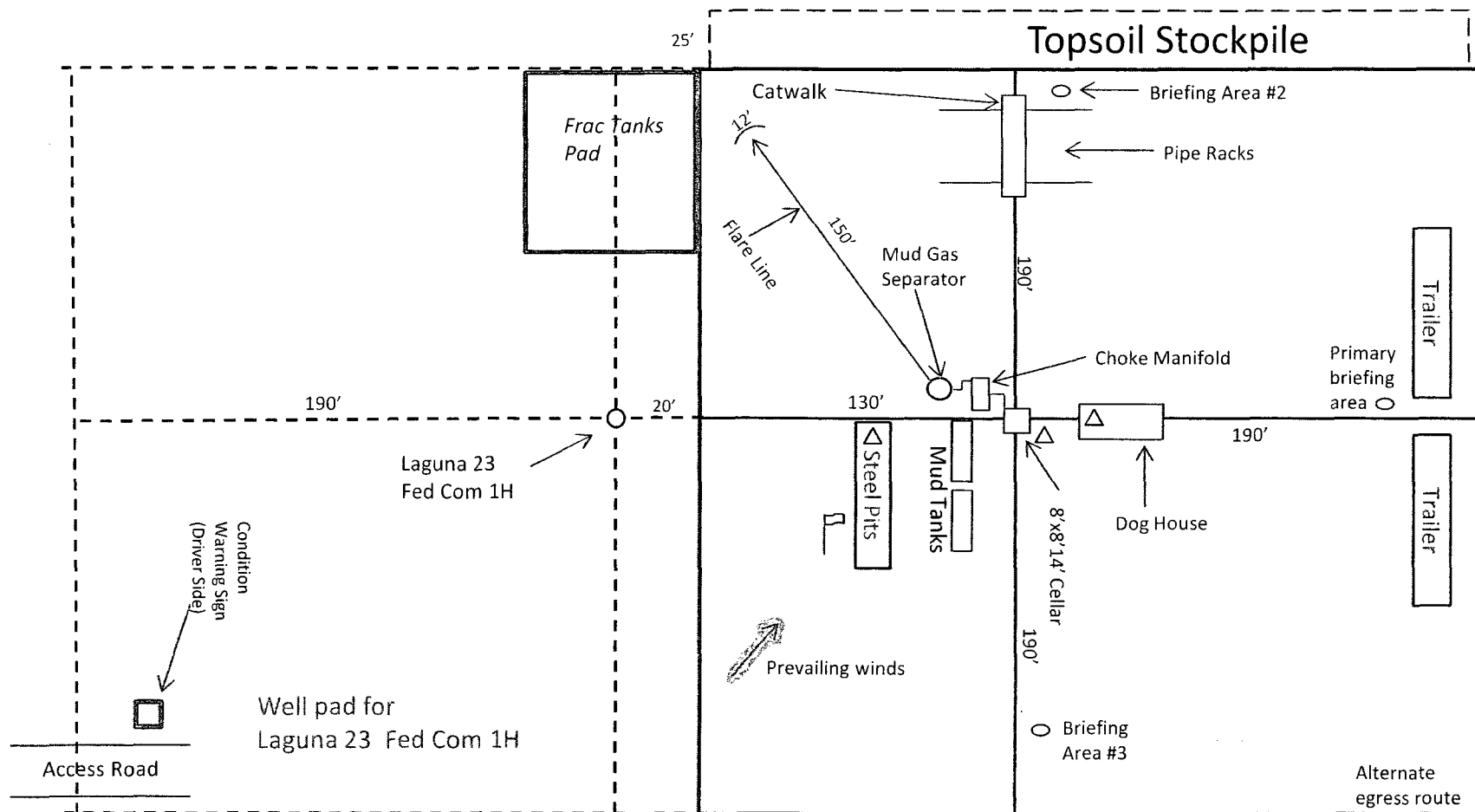
Midwest Hose & Specialty, Inc.

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>Samuel Garcia</i>		3/8/2011

Exhibit F — Co-Flex Hose
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Lea County, NM





Lease Road



Wind Direction Indicators
(wind sock or streamers)



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



Briefing Areas

N



Exhibit D – Rig Diagram
Laguna 23 Federal Com #3H
 Nearburg Producing Co.
 23-20S-34E
 SHL 330 FSL & 2130 FWL
 BHL 330 FNL & 2130 FWL
 Lea County, NM