

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

State of New Mexico  
Energy Minerals and Natural Resources

Form C-101  
May 27, 2004

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

Submit to appropriate District Office

☐ AMENDED REPORT

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

<sup>1</sup> Operator Name and Address Nadel and Gussman Permian, LLC 601 N. Marienfeld, Suite 508 Midland, TX 79701		<sup>2</sup> OGRID Number 155615
<sup>3</sup> Property Code 35824	<sup>4</sup> Property Name Euro State	<sup>5</sup> API Number 30 - 025-37995 <sup>6</sup> Well No. 1
<sup>9</sup> Proposed Pool 1 Vacuum (Grayburg San Andres)		<sup>10</sup> Proposed Pool 2

**7 Surface Location**

UL or lot no.	Sec.	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	5	17S	34E		990	South	990	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

**Additional Well Information**

<sup>11</sup> Work Type Code N	<sup>12</sup> Well Type Code O	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type Code S	<sup>15</sup> Ground Level Elevation 4114'
<sup>16</sup> Multiple No	<sup>17</sup> Proposed Depth 5250'	<sup>18</sup> Formation Grayburg San Andres	<sup>19</sup> Contractor Patterson- UTI	<sup>20</sup> Spud Date 07/20/06
Depth to Groundwater More than 50' but less than 100'		Distance from nearest fresh water well Greater than 200'		Distance from nearest surface water More than 200' but less than 1000'
Pit: Liner: Synthetic X 20 mils thick Clay <input type="checkbox"/> Pit Volume: 15000 bbls Drilling Method: Fresh Water X Brine X Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" type="checkbox"/>				
Closed-Loop System <input type="checkbox"/>				

**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# H-40	400'	300	Circ to Surface
11"	8 5/8"	24 and 32# J55	5250'	1200 sx	300'

<sup>22</sup> 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.

Nadel and Gussman Permian, LLC proposes to drill the Euro State #1 deep enough to test the Grayburg San Andres formation. A BOP will be installed on the 13 3/8" casing and tested. Cement will coverall water, oil, and gas producing zones. NGP will notify the NMOCD of spud date and cementing dates and times so the surface string cementing job can be witnessed.

<sup>23</sup> 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 ☐.

Printed name: Joel Martin

Title: Drilling Manager

E-mail Address: jmartin@naguss.com

Date: 7/3/06

Phone: 432-682-4429

**OIL CONSERVATION DIVISION**

Approved by:

Title:

Approval Date: JUL 10 2006

Expiration Date:

Conditions of Approval Attached ☐

OC FIELD REPRESENTATIVE II/STAFF MANAGER  
PETROLEUM ENGINEER

DISTRICT I  
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DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised October 12, 2005

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-37995	Pool Code 62180	Pool Name Vacuum Grayburg - San Andres
Property Code 35824	Property Name EURO STATE	Well Number 1
OGRID No. 155615	Operator Name NADEL AND GUSSMAN PERMIAN	Elevation 4114'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	5	17 S	34 E		990'	SOUTH	990'	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

40 ACRES LOT 4	80.00 ACRES LOT 3	LOT 2	LOT 1
80.00 ACRES		80.00 ACRES	
80.00 ACRES			
40 ACRES		160.00 ACRES	
LAT - N32°51'33.4" LONG - W103°35'17.9" (NAD-83)			
4115.3'		4115.7'	
990'		990'	
4113.2'		4112.9'	
40 ACRES			

**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Joel Martin* 7/6/06  
Signature Date  
Joel Martin  
Printed Name

**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.

JUNE 26, 2006  
Date Surveyed  
Signature & Seal of Professional Surveyor  
7977  
Certificate No. 6872  
JLP BASIN SURVEYS

**NADEL AND GUSSMAN PERMIAN, L.L.C.**  
**601 N. Marienfeld, Suite 508**  
**Midland, TX 79701**  
**(432) 682-4429 (Office)**  
**(432) 682-4325 (Fax)**

7/3/06

Ms. Donna Mull  
New Mexico Oil Conservation Division – District 1  
1625 N. French Drive  
Hobbs, NM 88240

**Re: Euro State #1**  
**990' FSL & FWL**  
**Unit Letter M, Sec. 5 -17S – 34E**  
**Lea, NM**  
**Rule 118 H2S Exposure**

Dear Ms. Mull,

Nadel and Gussman Permian has evaluated this well and it is possible that we will encounter hydrogen sulfide. We will employ a third party monitoring system, and will begin monitoring prior once we drill out the surface casing and will continue monitoring the remainder of the well.

Please contact me if you have any additional questions.

Sincerely,

  
Joel Martin  
Drilling Manager

**Euro State #1  
Mud Program**

0'-400'	17 ½" Hole	13 3/8" Casing
400' – 5250'	11" Hole	8 5/8" Casing

**Suggested Mud Program**

Surface Hole    0'-400'            8.4-8.5 ppg   Fres Water

Production Hole 400' – 5250'    9.5 – 10.1 ppg   Cut Brine with Starch

**Hole Cleaning:** Use high vis sweeps every 200' or as needed.

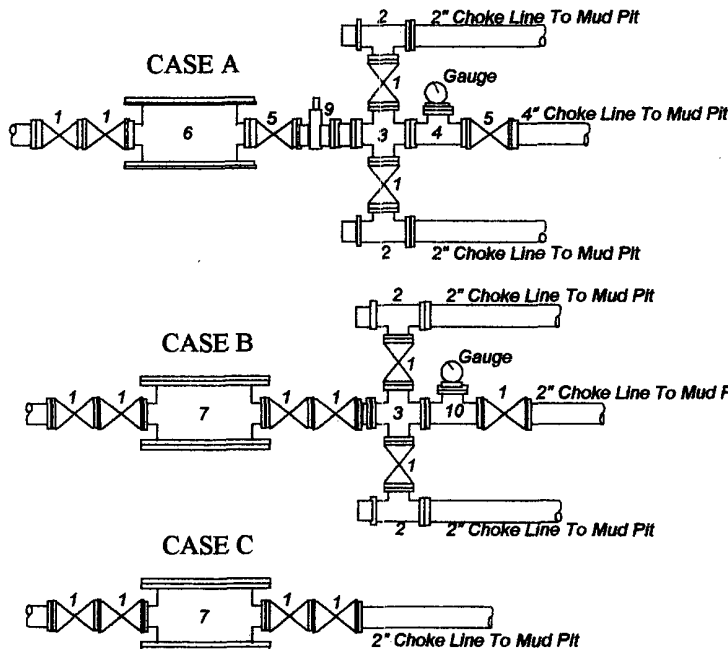
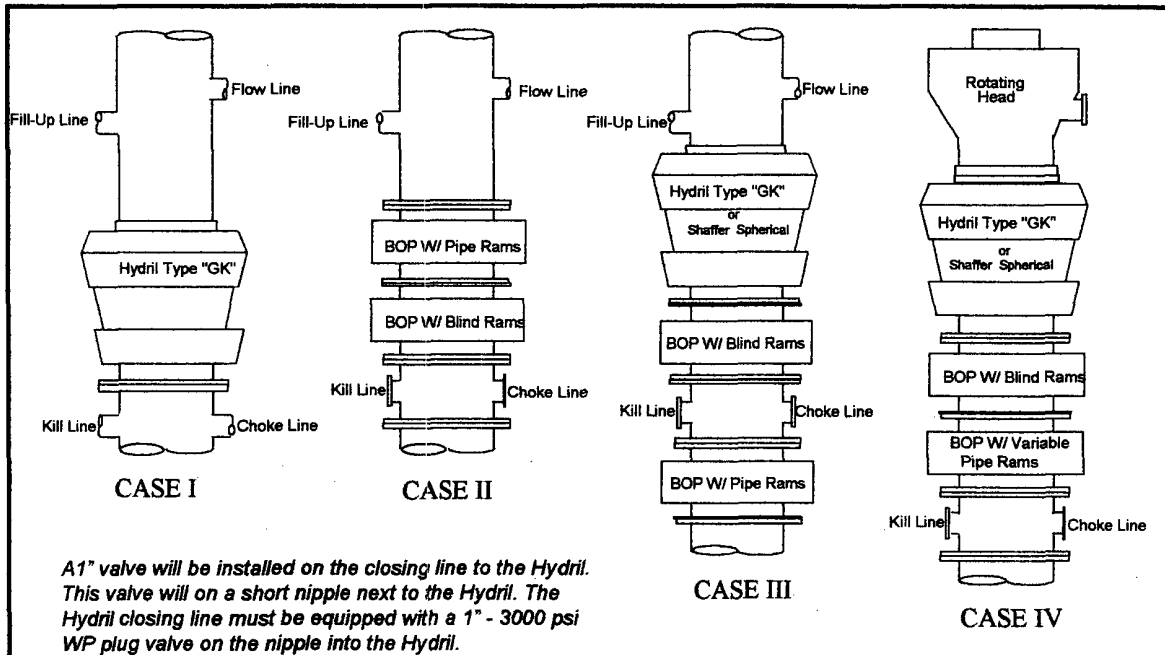
**Mud up:** Use Starch and salt gel with fluid loss additives as needed.

**Maintain Ph** above 10 using caustic soda

**It is possible that 2%-5% oil will be added to the mud system in the 11" hole section for Red Bed control.**

# Nadel and Gussman Permian

## MINIMUM BLOWOUT PREVENTER REQUIREMENTS



BOP SIZE	BOP CASE	WORKING PRESSURE	CHOKE CASE
13 5/8"	IV	5000*	A

\*Rotating head required

Bradenhead :	
Mfr:	
Size:	Type:

### Legend

1. 2" flanged all steel valve must be either Cameron "F", Halliburton Low Torque or Shaffer Flo-Seal.
2. 2" flanged adjustable chokes, min. 1" full opening & equipped with hard trim.
3. 4" x 2" flanged steel cross.
4. 4" flanged steel tee.
5. 4" flanged all steel valve (Type as in no. 1).
6. Drilling Spool with 2" x 4" flanged outlet.
7. Drilling Spool with 2" x 2" flanged outlet.
8. 2" x 2" flanged steel cross.
9. 4" pressure operated gate valve.
10. 2" flanged steel tee.

### Notes

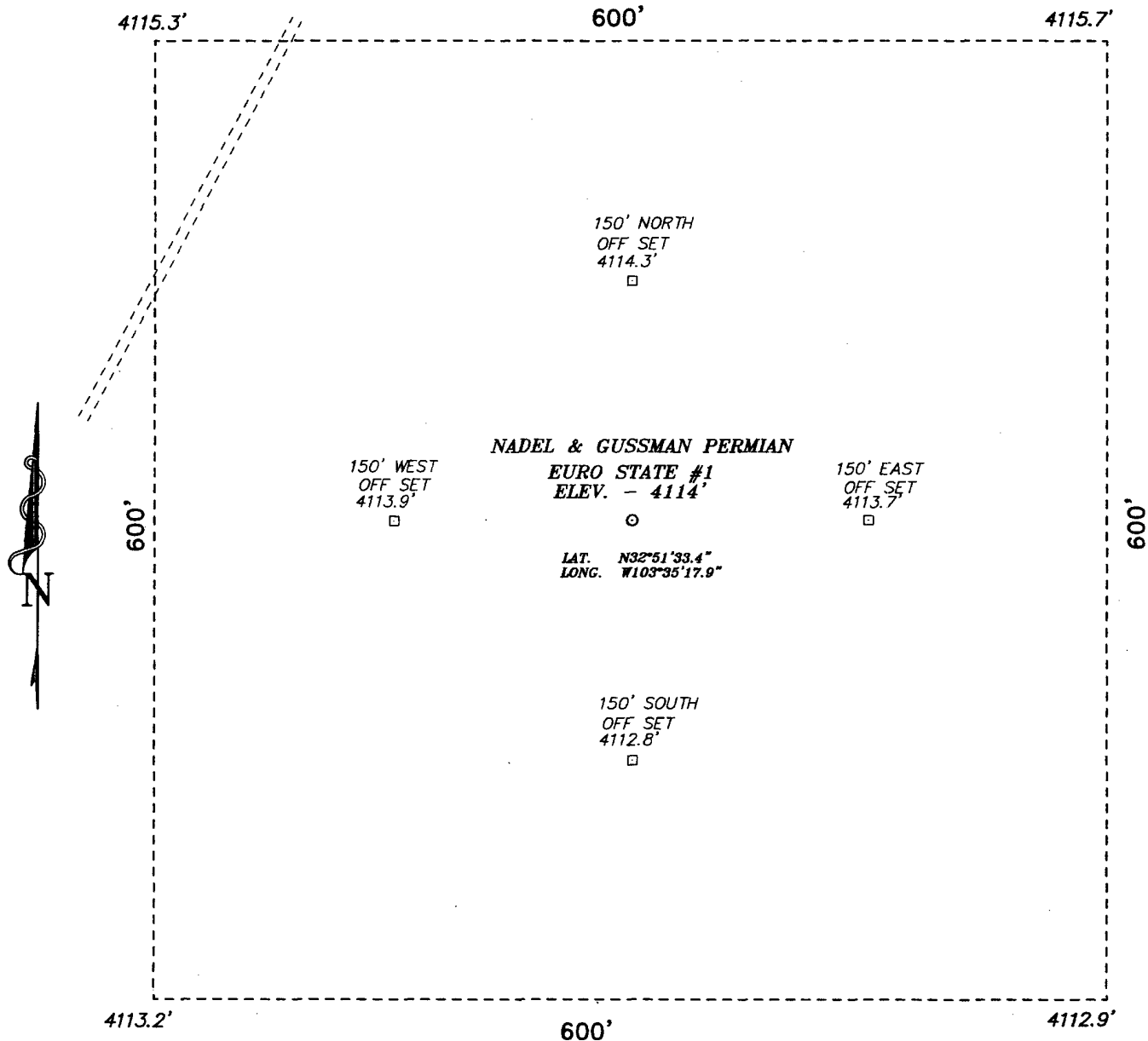
Choke manifold may be located in any convenient position. Use all steel fittings throughout. Make 90° turns with bull plugged tees only. No field welding will be permitted on any of the components of the choke manifold and related equipment upstream of the chokes. The choke spool and all lines and fittings must be at least equivalent to the test pressure of the preventers required. Independent closing control unit with clearly marked controls to be located on derrick floor near driller's position.

(10-31-96) WTXBOPS.PPT

## **Hydrogen Sulfide Drilling Operations Plan**

1. Company and Contract personnel admitted on location should be trained by a qualified H<sub>2</sub>S safety instructor to the following:
  - A. Characteristics of H<sub>2</sub>S.
  - B. Physical Effects and Hazards.
  - C. Proper Use of Safety Equipment and Life Support Systems.
  - D. Principle and Operation of H<sub>2</sub>S Detectors, Warning System and Briefing.
  - E. Evacuation Procedure, Routes and First Aid.
  - F. Proper Use of 30 minute Pressure Demand Air Pack.
2. H<sub>2</sub>S Detection and Alarm Systems
  - A. H<sub>2</sub>S Detectors and Audio Alarm System to be Located at Bell Nipple, End of Blooie Line (mud pit) and on Derrick floor or doghouse.
3. Windsock and/or Wind Streamers
  - A. Windsock at Mud Pit Area Should be High Enough to be Visible.
  - B. Windsock at Briefing Area Should be High Enough to be Visible.
  - C. There Should be a Windsock at Entrance to Location.
4. Condition Flags and Signs
  - A. Warning Sign on Access Road to Location.
  - B. Flags to be Displayed on Sign at Entrance to Location.
    1. Green Flag, Normal Safe Condition.
    2. Yellow Flag, Indicates Potential Pressure and Danger.
    3. Red Flag, Danger H<sub>2</sub>S Present in Dangerous Concentration Only Emergency Personnel Admitted to Location.
5. Well Control Equipment
  - A. See Attached Diagram.
6. Communication
  - A. While Working Under Masks Chalkboards Will be Used for Communication.
  - B. Hand Signals will be Used Where Chalk Board is Inappropriate.
  - C. Two Way Radio or Cell Phone will be Used to Communicate off Location in Case of Available at Most Drilling Foreman's Trailer or Living Quarters.
7. Drillstem Testing
  - A. Exhausts will be Watered.
  - B. Flare Line will be Equipped with an Electric Igniter or a propane pilot light in case gas reaches the surface.
  - C. If Location is near any Dwelling a Closed DST will be Performed.
8. Drilling Contractor Supervisor will be Required to be Familiar with the Effects H<sub>2</sub>S has on tubular goods and other mechanical equipment.
9. If H<sub>2</sub>S Encountered, Mud system will be Altered if Necessary to Maintain Control of Formation. A Mud Gas Separator will be Brought into Service Along with H<sub>2</sub>S Scavengers if Necessary.

SECTION 5, TOWNSHIP 17 SOUTH, RANGE 34 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.



SCALE: 1" = 100'

Directions to Location:

FROM THE JUNCTION OF STATE HWY. 238 AND CO.  
RD. #L-125, GO 3.4 MILES WEST TO LEASE ROAD  
THENCE 0.8 MILES NORTH, THENCE 0.5 MILES WEST,  
THENCE 0.1 NORTH MILES, THENCE 0.4 WEST  
MILES, THENCE 1.1 MILES NORTH TO THE LOCATION.

**BASIN SURVEYS** P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 6872 Drawn By: JAMES PRESLEY

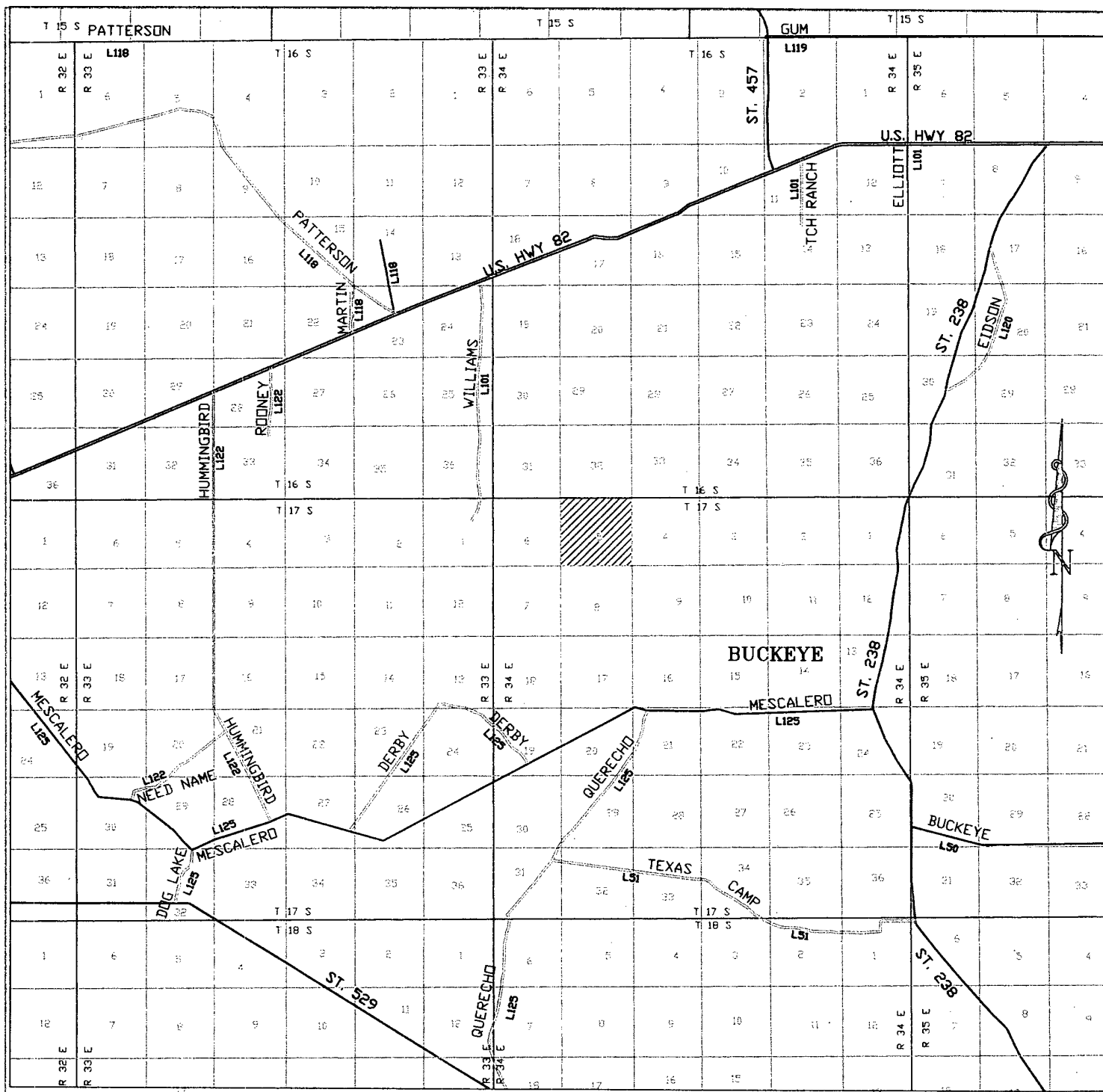
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**NADEL AND GUSSMAN PERMIAN**

REF: EURO STATE No. 1 / Well Pad Topo

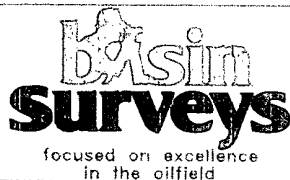
EURO STATE UNIT No. 1 LOCATED 990' FROM THE  
SOUTH LINE AND 990' FROM THE WEST LINE OF  
SECTION 5, TOWNSHIP 17 SOUTH, RANGE 34 EAST,  
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 06/26/06 Sheet 1 of 1 Sheets



## EURO STATE #1

Located at 990' FSL and 990' FWL  
 Section 5, Township 17 South, Range 34 East,  
 N.M.P.M., Lea County, New Mexico.



P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (505) 393-7316 - Office  
 (505) 392-3074 - Fax  
[basinsurveys.com](http://basinsurveys.com)

W O Number: 68724A - JLP #1

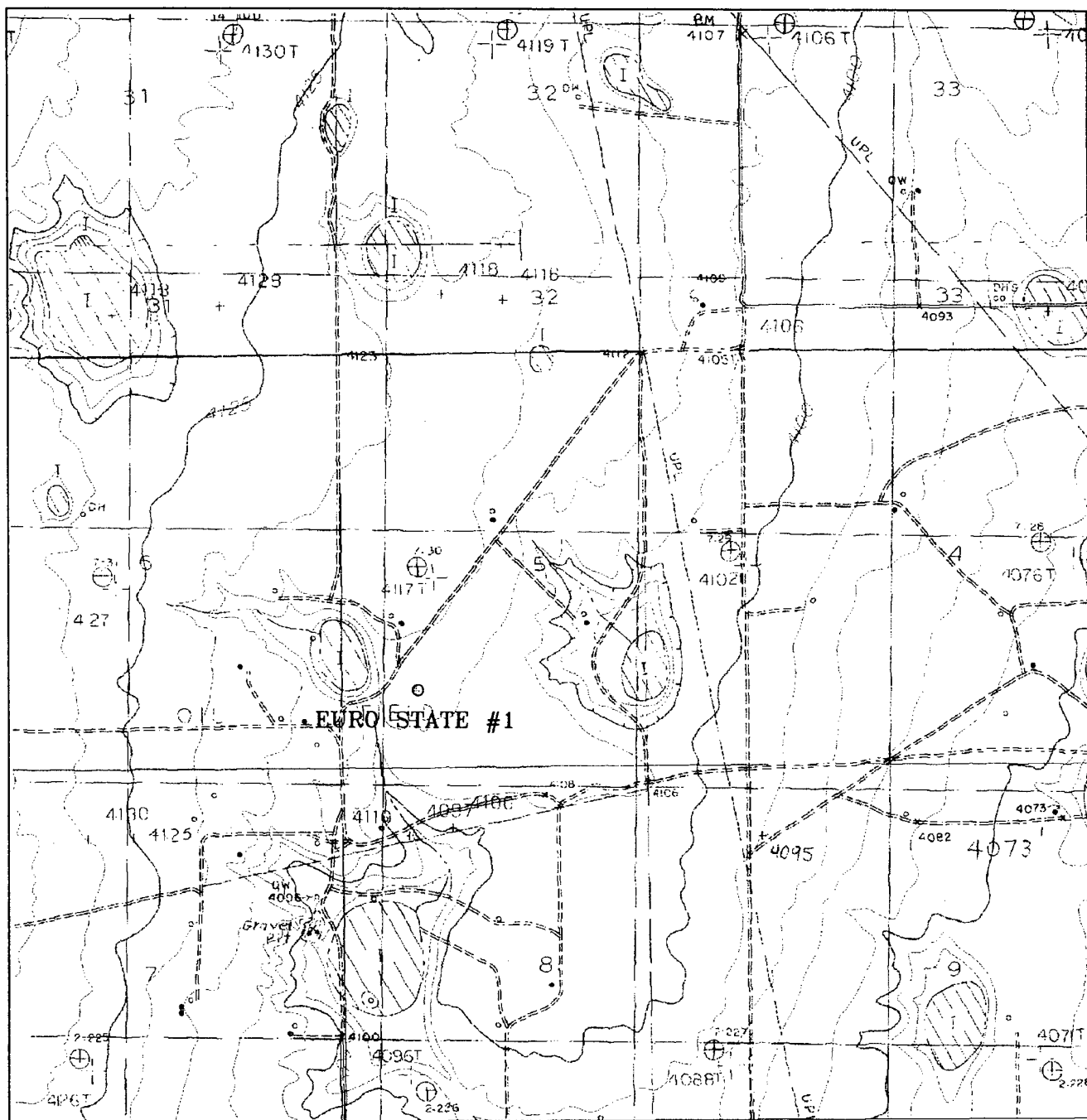
Survey Date: 06/26/06

Scale: 1" = 2000'

Date: 05/27/06

**NADEL AND  
 GUSSMAN PERMIAN,  
 L.L.C.**





## EURO STATE #1

Located at 990' FSL and 990' FWL  
 Section 5, Township 17 South, Range 34 East,  
 N.M.P.M., Lea County, New Mexico.

**basin**  
**surveys**  
 focused on excellence  
 in the oilfield

P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (505) 393-7316 - Office  
 (505) 392-3074 - Fax  
 basinsurveys.com

W.O. Number: 5872AA - JLP #1

Survey Date: 06/26/06

Scale: 1" = 2000'

Date: 06/27/06

**NADEL AND**  
**GUSSMAN PERMIAN,**  
**L.L.C.**

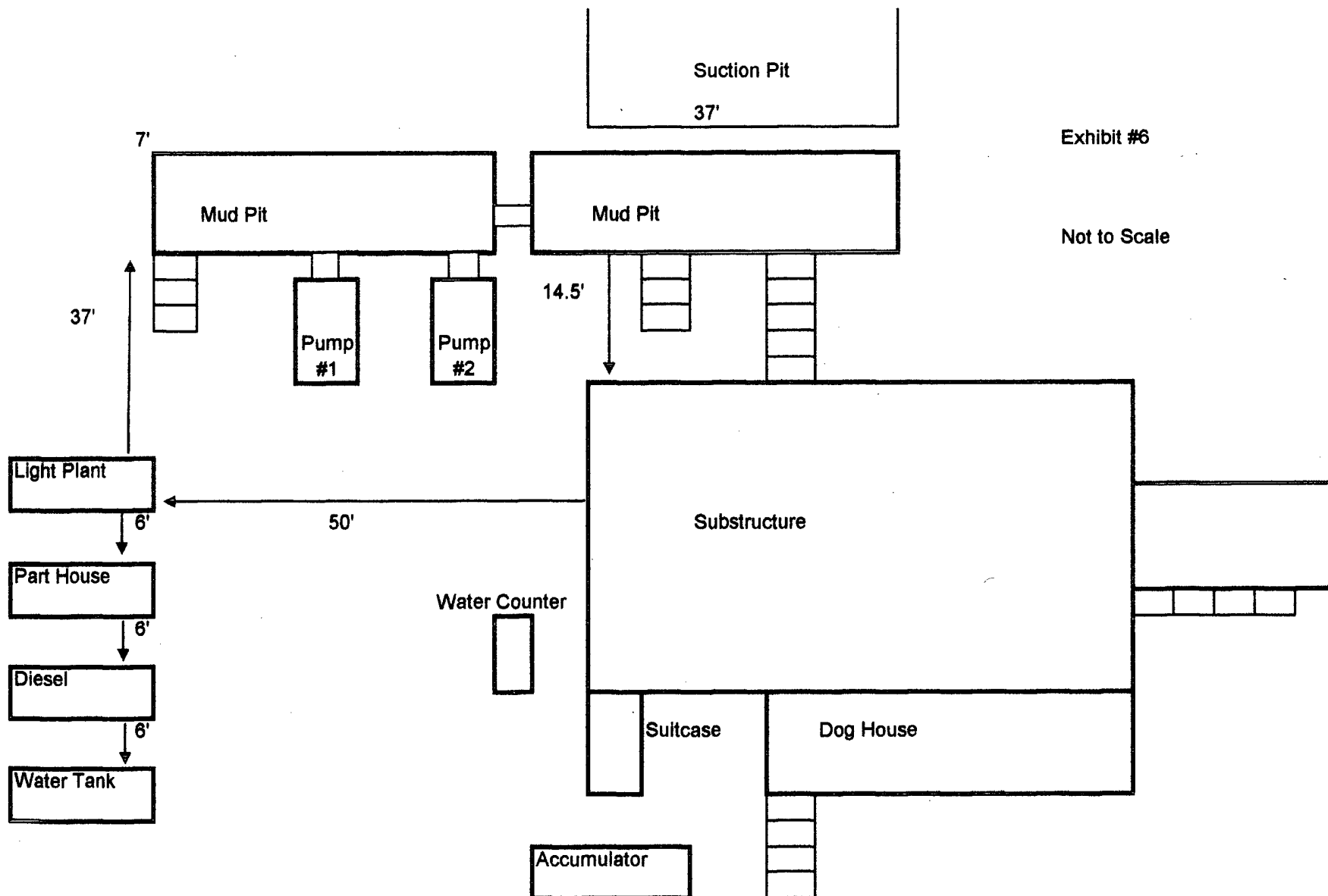


Exhibit #6

**Not to Scale**

District I  
1625 N. French Dr., Hobbs, NM 88240  
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State of New Mexico  
Energy Minerals and Natural Resources

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

Form C-144  
June 1, 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: Nadel and Gussman Permian, LLC Telephone: 432-682-4429 e-mail address: jmartin@naguss.com  
Address: 601 N. Marienfeld, Suite 508, Midland, TX, 79707  
Facility or well name: Euro State #1 API #: 30-025-37995 U/L or Qtr/Qtr M Sec 5 T 17 S R 34 E  
County: Lea Latitude N 32 deg 51' 33.4" Longitude W 103 deg 35' 17.9" NAD: 1927 ☐ 1983 ☒  
Surface Owner: Federal ☐ State ☒ Private ☐ Indian ☐

<u>Pit</u>	<u>Below-grade tank</u>	
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"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>20</u> mil Clay <input type="checkbox"/> Pit Volume <u>15000</u> bbl	Volume: <u>      </u> bbl Type of fluid: <u>      </u> Construction material: <u>      </u> Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. <u>      </u>	
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) X
	1000 feet or more	( 0 points)
Ranking Score (Total Points)		10

**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: (check the onsite box if you are burying in place) 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.

Additional Comments:

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 X, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 7/3/06

Printed Name/Title Joel Martin/Drilling Manager

Signature Joel Martin

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:

Printed Name/Title       

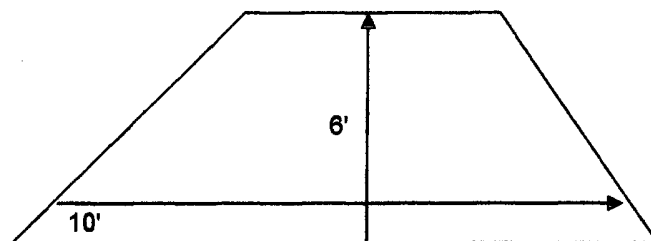
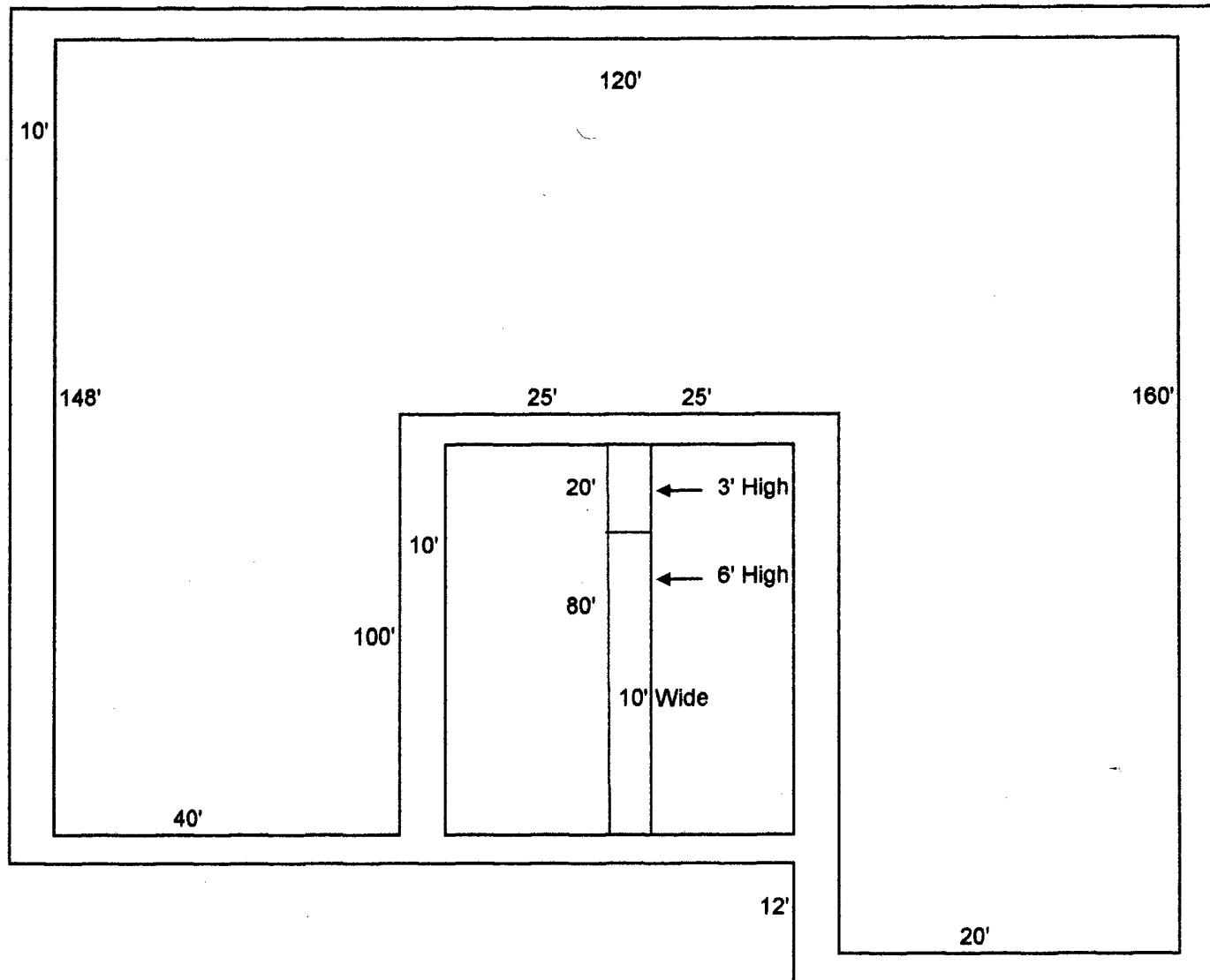
Signature       

Date:       

**PETROLEUM ENGINEER**

JUL 11 2006

Exhibit #8  
Not to Scale



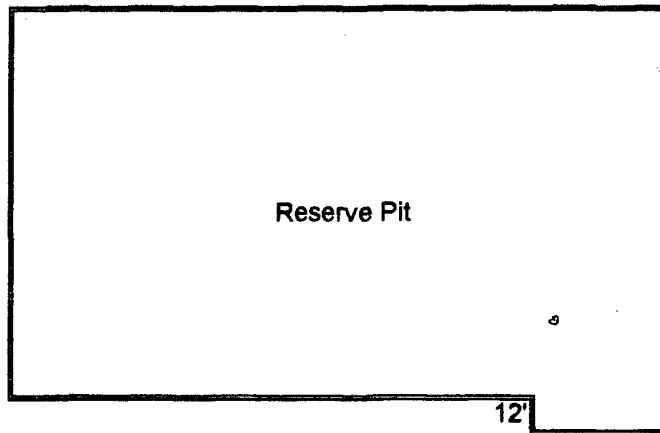


Exhibit #7  
Not to Scale

60'

180'

42'

160'

160'

170'