

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

State of New Mexico
Energy, Minerals & Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 S. 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

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 36383	⁵ Property Name La Rica 32 State	³ API Number 30-025-38355
⁹ Proposed Pool 1 EK; Bone Spring		⁶ Well No. 2
¹⁰ Proposed Pool 2		

⁷Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
M	32	18S	34E		660	South	660	West	Lea

⁸Proposed 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 Location

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3852
¹⁶ Multiple	¹⁷ Proposed Depth 10,000	¹⁸ Formation Bone Spring	¹⁹ Contractor	²⁰ Spud Date 4/1/07
Depth to ground water		Distance from nearest fresh water well		Distance from nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> _____ mils thick Clay <input type="checkbox"/> Pit Volume _____ bbls Drilling Method:				
Closed-Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

²¹Proposed 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	4500-10000	80	Tie back to 8-5/8

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 Spring 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 NMOCD guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . Signature: <i>Sarah Jordan</i>		OIL CONSERVATION DIVISION	
Printed name: Sarah Jordan		Approved by: <i>Chris Williams</i>	
Title: Production Analyst		Title: OC DISTRICT SUPERVISOR/GENERAL MANAGER	
E-mail Address: sjordan@nearburg.com		Approval Date: MAR 19 2007	
Date: 3/8/07		Expiration Date:	
Phone: 432/686-8235 x 203		Conditions of Approval:	
		Attached <input type="checkbox"/>	

DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

Revised October 12, 2005
Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-38355	Pool Code 21650	Pool Name OK Bon Spring
Property Code 36383	Property Name LA RICA 32 STATE	Well Number 2
OGRID No. 013742	Operator Name NEARBURG PRODUCING COMPANY	Elevation 3852'

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	32	18-S	34-E		660	SOUTH	660	WEST	LEA

Bottom Hole Location If Different From Surface

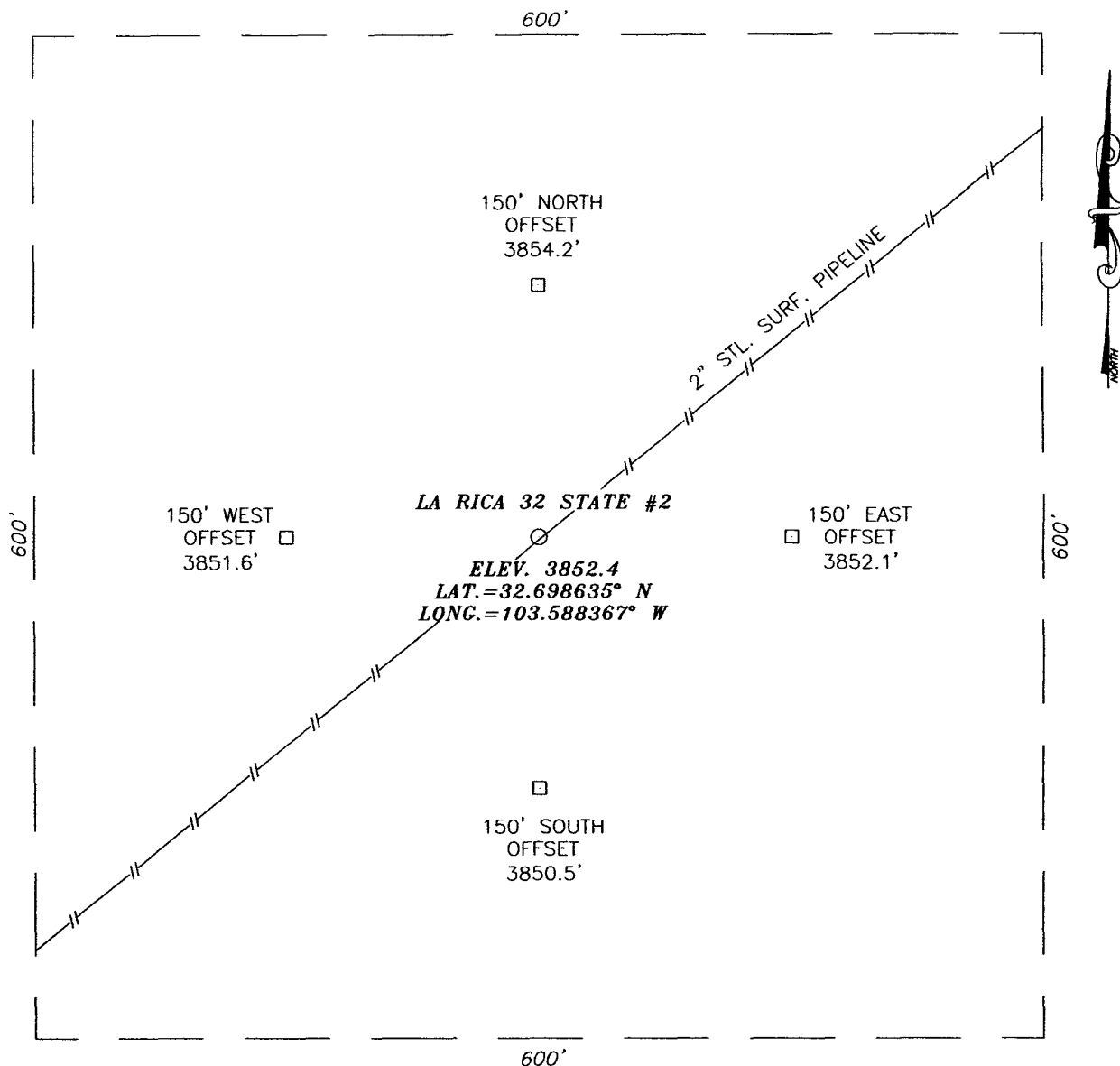
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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

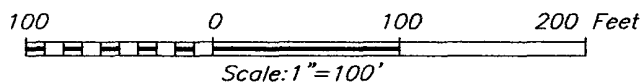
	<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=618679.3 N X=729170.3 E</p> <p>LAT.=32.698635° N LONG.=103.588367° W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>[Signature]</i> Order 3.807 Signature Date</p> <p>Gary Jordan Printed Name</p>
		<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>FEBRUARY-13, 2007 Date Surveyed LA</p> <p><i>[Signature]</i> Signature & Seal of Professional Surveyor</p> <p>2/22/07 07:14:0197</p>
		<p>Certificate No. GARY EIDSON 12641</p>

SECTION 32, TOWNSHIP 18 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

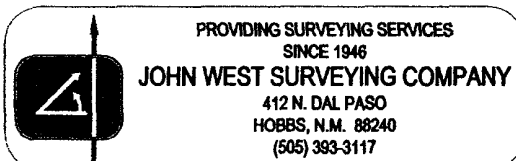
FROM THE INTERSECTION OF ST. HWY. #529 AND
HECULES ROAD, GO SOUTH ON HECULES ROAD
FOR APPROX. 1.2 MILES. TURN RIGHT AND GO
WEST APPROX. 1.5 MILES. TURN LEFT AND GO
SOUTH ON NEW LEASE ROAD APPROX. 0.2 MILES
TO AN EXISTING WELL PAD. THIS LOCATION IS
SOUTHWEST OF PAD APPROX. 0.2 MILES.



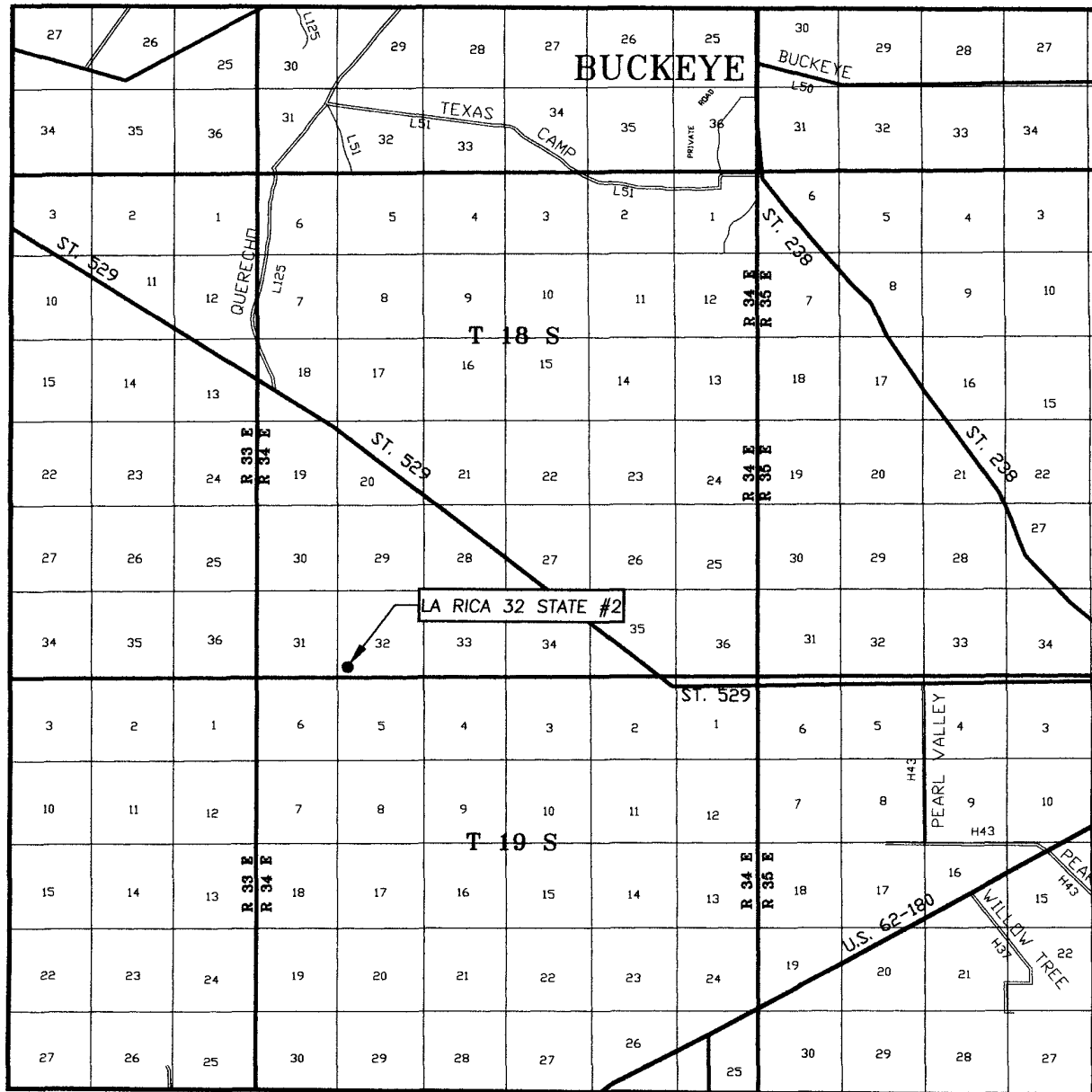
NEARBURG PRODUCING COMPANY

LA RICA 32 STATE #2 WELL
LOCATED 660 FEET FROM THE SOUTH LINE
AND 660 FEET FROM THE WEST LINE OF SECTION 32,
TOWNSHIP 18 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 2/13/07		Sheet 1 of 1 Sheets	
W.O. Number: 07.11.0197		Dr By: LA	Rev 1:N/A
Date: 2/16/07	Disk: CD#6	07110197	Scale: 1"=100'

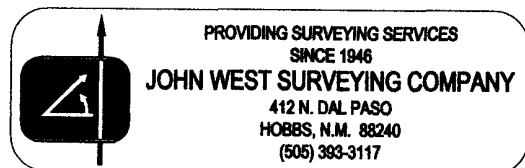


VICINITY MAP

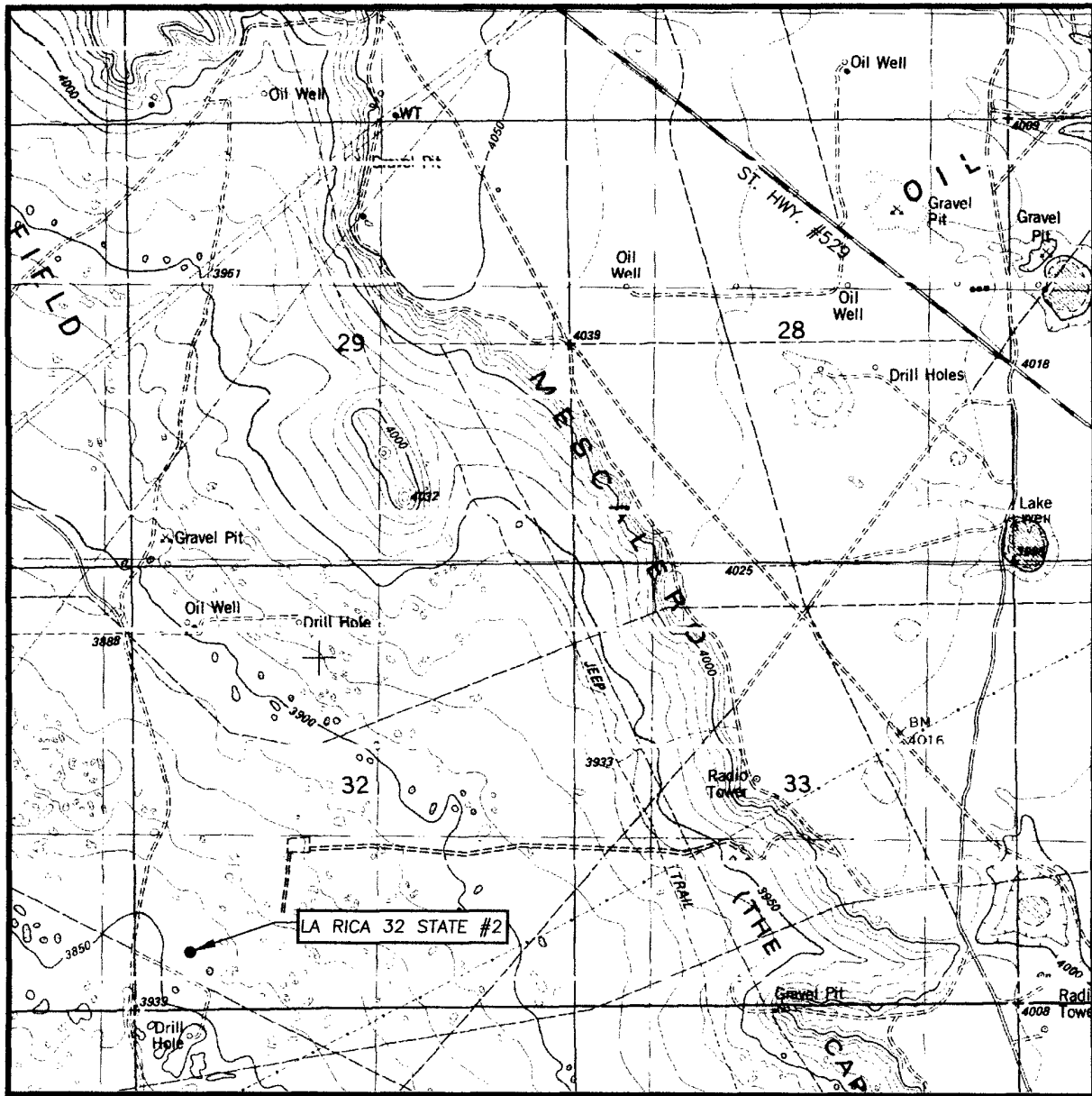


SCALE: 1" = 2 MILES

SEC. 32 TWP. 18-S RGE. 34-E
 SURVEY N.M.P.M.
 COUNTY LEA STATE NEW MEXICO
 DESCRIPTION 660' FSL & 660' FWL
 ELEVATION 3852'
 OPERATOR NEARBURG
 PRODUCING COMPANY
 LEASE LA RICA 32 STATE



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

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

SEC. 32 TWP. 18-S RGE. 34-E

SURVEY _____ N.M.P.M.

COUNTY LEA STATE NEW MEXICO

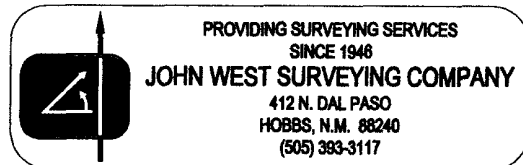
DESCRIPTION 660' FSL & 660' FWL

ELEVATION 3852'

NEARBURG
OPERATOR PRODUCING COMPANY

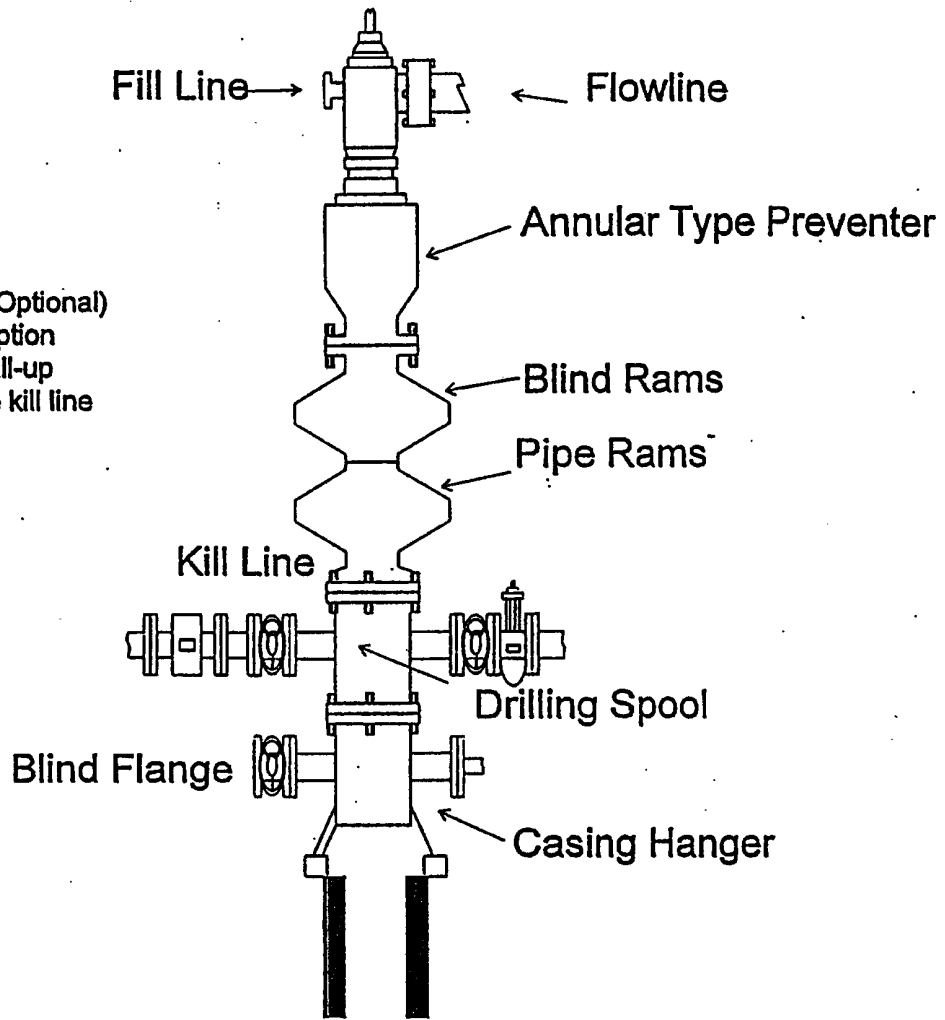
LEASE LA RICA 32 STATE

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



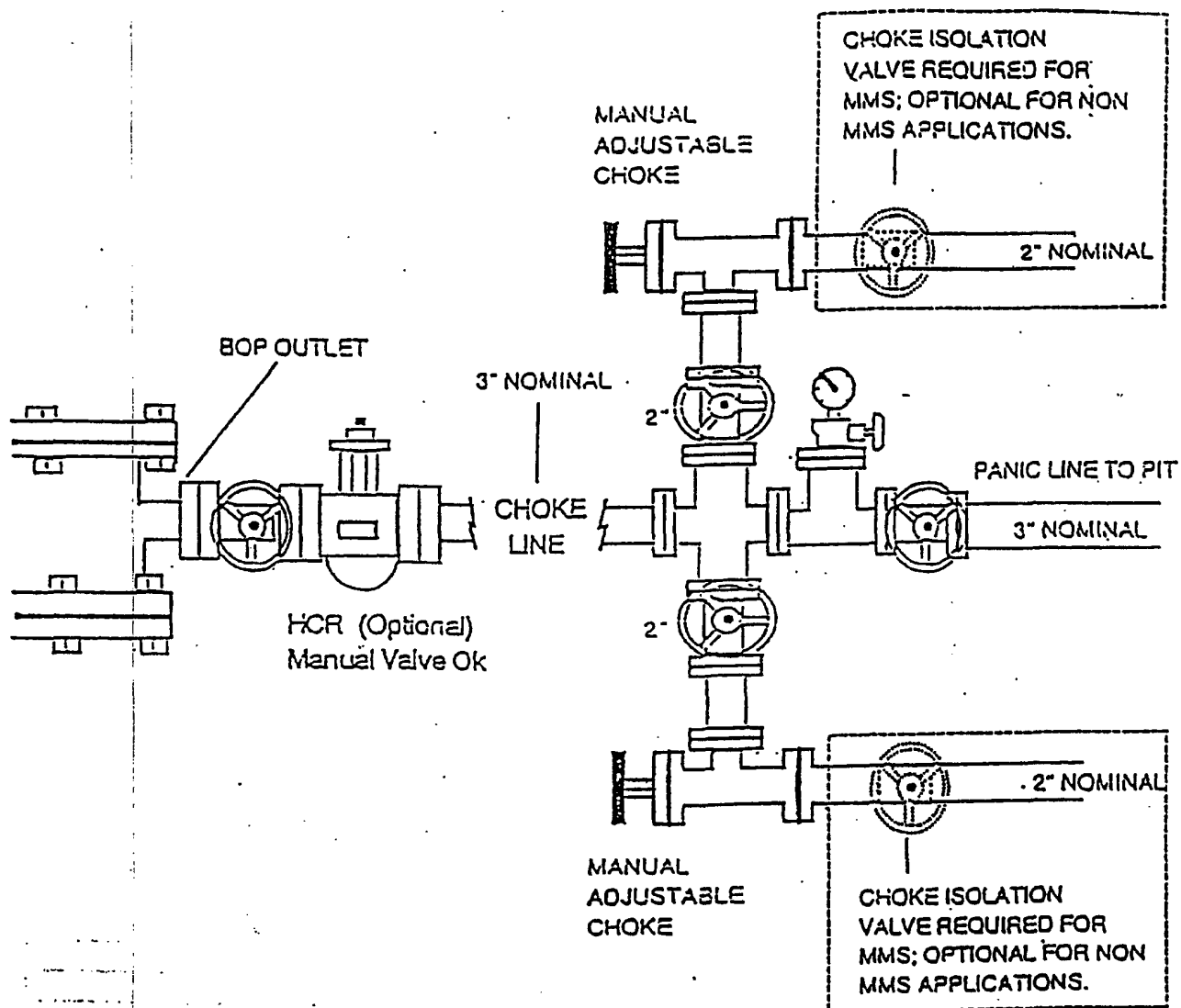
NEARBURG PRODUCING COMPANY
BOPE SCHEMATIC

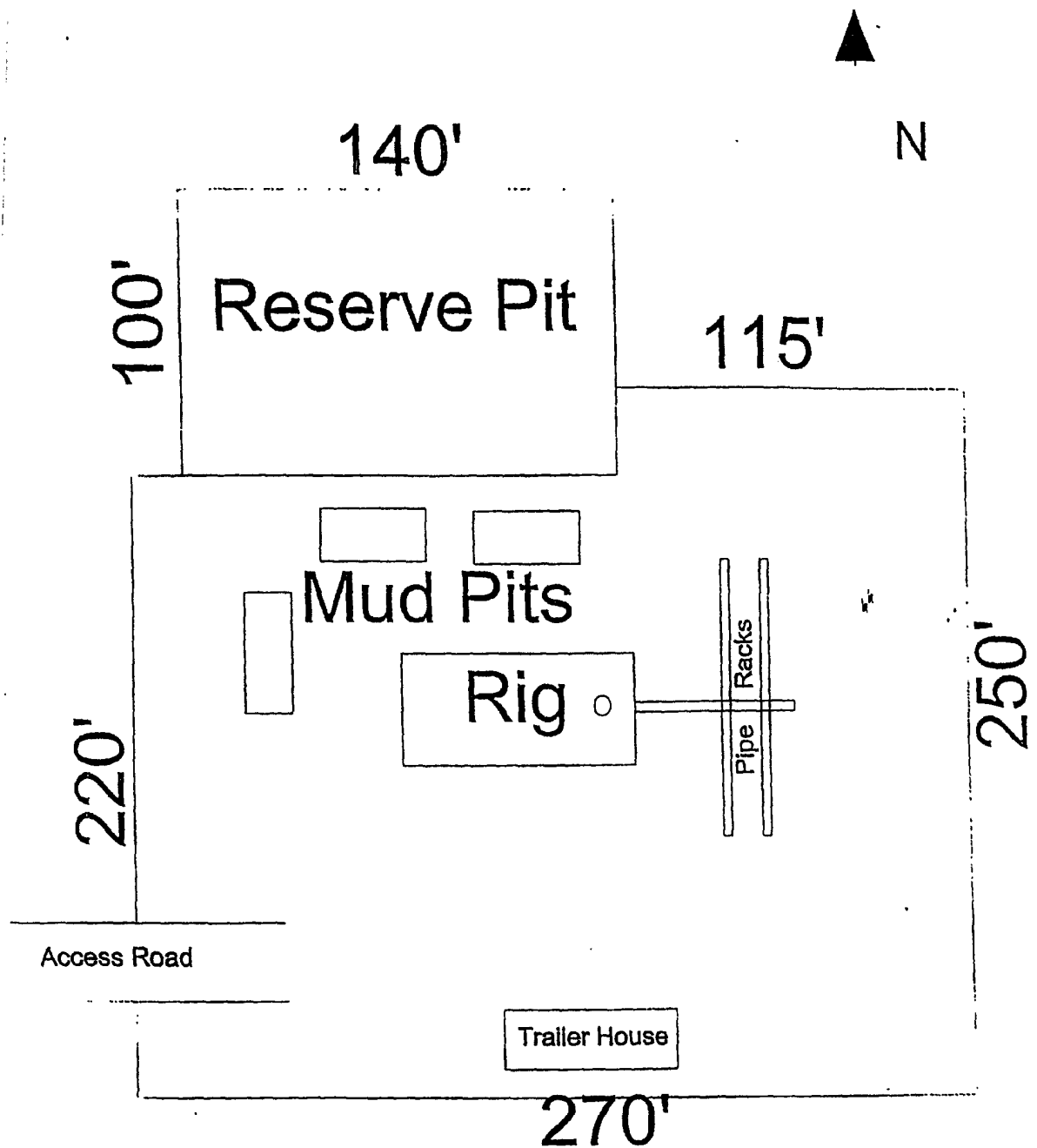
Rotating Head (Optional)
Drilling Nipple option
must include a fill-up
line. Do not use kill line
for fill up.



900 Series

NEARBURG PRODUCING COMPANY
CHOKE MANIFOLD
2M AND 3M SERVICE





**EXHIBIT B
DRILLING RIG LAYOUT
NEARBURG PRODUCING COMPANY**

SCALE 1" = 50'

Nearburg Producing Company

Exploration and Production
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
432/686-8235
FAX: 432/686-7806

March 6, 2007

NM Oil Conservation Division
1625 N. French Dr.
Hobbs, NM 88240

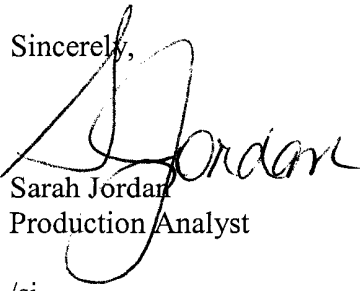
Ref: La Rica 32 State #2
660 FSL and 660 FWL
Sec 32, 18S, 34E
Lea County, NM

Sirs:

This is a new drill of a well to the Bone Springs formation. We do not anticipate encountering H2S and fill no contingency plan is needed. Nearburg will have proper equipment on location in case H2S is encountered.

If you have any questions or need further information, please call me at the letterhead number.

Sincerely,


Sarah Jordan
Production Analyst

/sj



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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: Nearburg Producing Company Telephone: 432/686-8235 e-mail address: s.jordan@nearburg.com
Address: 3300 N A St., Bldg 2, Ste 120, Midland, TX 79705
Facility or well name: La Rica 32 State #2 API #: 30-025-3835 U/L or Qtr/Qtr M Sec 32 T 18 R 34
County: Lea Latitude _____ Longitude _____ NAD: 1927 ☒ 1983 ☐ Surface Owner Federal ☐ State ☒ Private ☐ Indian ☐

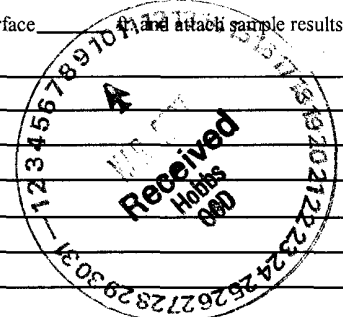
Pit
Type: Drilling ☒ Production ☐ Disposal ☐
Workover ☐ Emergency ☐
Lined ☒ Unlimited ☐
Liner type: Synthetic ☒ Thickness 12 mil Clay ☐
Pit Volume _____ bbl

Below-grade tank
Volume: _____ bbl Type of fluid: _____
Construction material: _____
Double-walled, with leak detection? Yes ☐ If not, explain why not. _____

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet	(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: (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 _____ (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 ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 3/30/07

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: 3/16/07

Printed Name/Title: CHLOIS WILLIAMS / DIST. SUPV.

Signature: [Signature]