

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

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

Form C-101
March 4, 2004

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

Operator Name and Address NADEL AND GUSSMAN PERMIAN, L.L.C. 601 N. MARIENFELD, SUITE 508 MIDLAND, TEXAS 79701		OGRID Number 155615
Property Name WOLF STATE		API Number 30 - 025 - 38511
Property Code 36694	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
D	25	20S	35E		1310'	NORTH	660'	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
9 Proposed Pool 1 OSUDO WEST (MORROW) <82240>					10 Proposed Pool 2 LEA SOUTHEAST WOLFCAMP <80080>				

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
D	25	20S	35E		1310'	NORTH	660'	WEST	LEA
Depth to ground water 130' TO 150'				Distance from nearest fresh water well MORE THAN 1000'			Distance from nearest surface water MORE THAN 1000'		
11 Work Type Code N		12 Well Type Code G		13 Cable/Rotary ROTARY		14 Lease Type Code S		15 Ground Level Elevation 3,674'	
16 Multiple NO		17 Proposed Depth 13,700'		18 Formation Morrow		19 Contractor (To Be Determined)		20 Spud Date +/- 11/1/06	

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#	400'	275	SURFACE
12 1/4"	9 5/8"	40#	6,900'	1350	SURFACE
8 1/2"	5 1/2"	17#	13,700'	675	10,800' (500'+ ABOVE
					WOLFCAMP)

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.
DRILL AND COMPLETE WELL IN THE MORROW WITH A PROJECTED TD OF 13,700' NO H2S IS EXPECTED, BUT AN H2S CONTINGENCY LETTER AND PLAN IS ATTACHED
A MUD GAS SEPERATOR WILL BE INSTALLED & TESTED PROIR TO DRILLING WOLFCAMP. A BOP WILL BE INSTALLED ON THE 9 5/8" CASING, CEMENT TO COVER ALL WATER, OIL & GAS PRODUCING ZONES

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"/> .		OIL CONSERVATION DIVISION	
Signature: <i>Terry West</i>		Approved by: <i>Chris Williams</i>	
Printed name: TERRY WEST		Title: DISTRICT SUPERVISOR/GENERAL MANAGER	
Title: STAFF ENGINEER		Approval Date: SEP 04 2007	Expiration Date:
E-mail Address: terryw@naguss.com			
Date: 8/20/07	Phone: (432) 682-4429	Conditions of Approval: Attached <input type="checkbox"/>	

Permit Expires 1 Year From Approval
Date Unless Drilling Underway

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State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-102
Revised October 12, 2005

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-38511	Pool Code 82240/80080	Pool Name OSUDO WEST (MORROW), LEA SOUTHEAST (WOLFCAMP)
Property Code 36694	Property Name WOLF STATE	Well Number 1
OGRID No. 155615	Operator Name NADEL AND GUSSMAN PERMIAN	Elevation 3674'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	25	20 S	35 E		1310	NORTH	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 320	Joint or Infill 160	Consolidation Code	Order No.
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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>Lat.: N32°32'52.20" Long.: W103°25'02.07" SPC-N.: 564246.492 E.: 823618.762 (NAD-83)</p>	<p>OPERATOR CERTIFICATION</p> <p>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.</p> <p><i>Terry West</i> 8/20/07 Signature Date</p> <p>TERRY WEST 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>AUGUST 18 2007 Date Surveyed</p> <p><i>Gary L. Jones</i> Signature of Professional Surveyor</p> <p> W.O. 118</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>	

Proposed Mud Program
Casing Design

13 3/8" Surface Casing	@	400'
9 5/8" Intermediate Casing	@	6,900'
5 1/2" Production Casing	@	13,700'

Recommended Mud Properties

<u>Depth</u>	<u>Mud Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
Spud	8.6 – 8.7	32 – 34	No Control
400'	8.7 – 9.1	23 – 34	No Control

Set 13 3/8" Surface Casing at 400'. Drill out w/ Fresh Water

400'	9.1 – 9.8	28 – 30	No Control
6,900'	10.0 – 10.1	28 – 30	No Control

Set 9 5/8" Intermediate Casing at 6,900'. Drill out with Fresh Water.

6,900'	8.4 – 8.5	28 – 29	No Control
9,000'	8.4 – 8.5	28 – 29	No Control
9,500'	9.2 – 9.4	28 – 29	No Control
10,000'	9.4 – 9.6	28 – 29	No Control
10,700'	9.4 – 10.1	45 – 50	< 12
13,700'	10.4 – 12.1	45 – 50	< 12

Recommended Mud Program By Casing Interval

Surface Hole 0 – 400'

Spud w/ Gel / Lime slurry, mixing for a 32 – 34 viscosity. Lost circulation is common in this area. Should lost circulation occur and cannot be re-gained w/ one LCM pill, dry drill to total depth.

Intermediate Hole 400' – 6,900'

Drill out f/ under the surface casing w/ brine water, circulating through the inner reserve pit to allow maximum time for settling drilled-solids.

Severe lost circulation is possible while drilling this interval. Seepage can be controlled q/ addition of paper. Should complete loss of returns occur while drilling, we recommend pulling up above the loss zone to avoid differential sticking and spotting a 100 to 200 barrel pill containing 15 – 25 lb / bbl lcm material. Spot the pill f/ above at a reduced pump rate before returning to bottom to commence drilling operations. If lost circulation is not regained w/ one or two lcm pills, some blind drilling may be required. If partial returns are maintained, use only brine f/ volume to avoid severe washouts.

Production Hole 6,900' – 13,700'

Drill out f/ under the intermediate casing w/ fresh water, circulating through the outer reserve pit to, once again, allow maximum time f/ settling drilled – solids. A flocculent MF – 55 can be used to aid in dropping solids, providing a clear fluid and maximum penetration rates.

At a depth 11,800' or the top of the Strawn, displace w/ brine and mudding – up w/ an XCD Polymer / MF – 55 system to achieve the following properties:

Mud Weight 9.2 – 9.4

Viscosity 32 – 34

Fluid Loss < 12

SECTION 25, TOWNSHIP 20 SOUTH, RANGE 35 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



150' NORTH
OFF SET
3671.7'
□

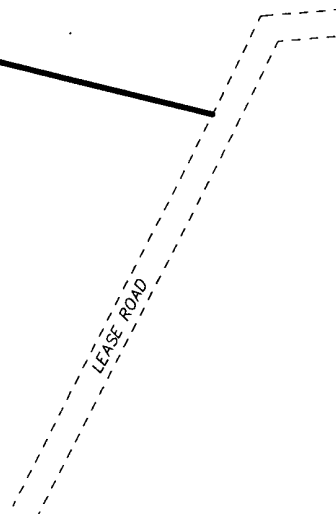
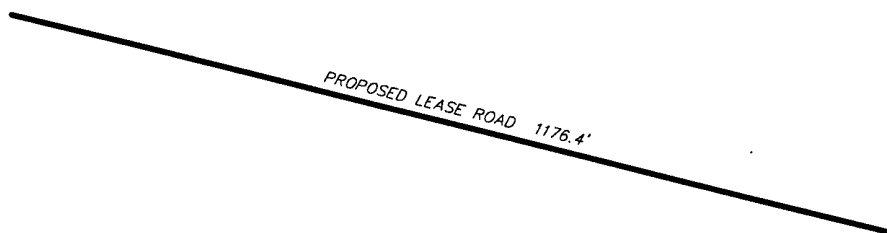
NADEL & GUSSMAN PERMIAN
WOLF STATE #1
ELEV. - 3674'

150' WEST
OFF SET □
3674.5'

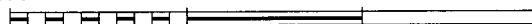
LAT. N32°32'52.20"
LONG. W103°25'02.07"
(NAD-83)

150' EAST
OFF SET □
3672.6'

150' SOUTH
OFF SET
3675.1'
□



200 0 200 400 FEET



SCALE: 1" = 200'

Directions to Location:

FROM THE JUNCTION OF STATE HWY 176 AND CO.
RD. 30 (PEARSON), GO NORTHEAST 5.0 MILES
THENCE WINDING NORTHWEST 1.0 MILE TO LEASE
ROAD, ON LEASE ROAD GO WEST APPROX 1.5 MILES
TO PROPOSED LEASE ROAD.

NADEL AND GUSSMAN PERMIAN

REF: WOLF STATE #1 / Well Pad Topo

WOLF STATE #1 LOCATED 1310' FROM
THE NORTH LINE AND 660' FROM THE WEST LINE OF
SECTION 25, TOWNSHIP 20 SOUTH, RANGE 35 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

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

W.O. Number: 18418

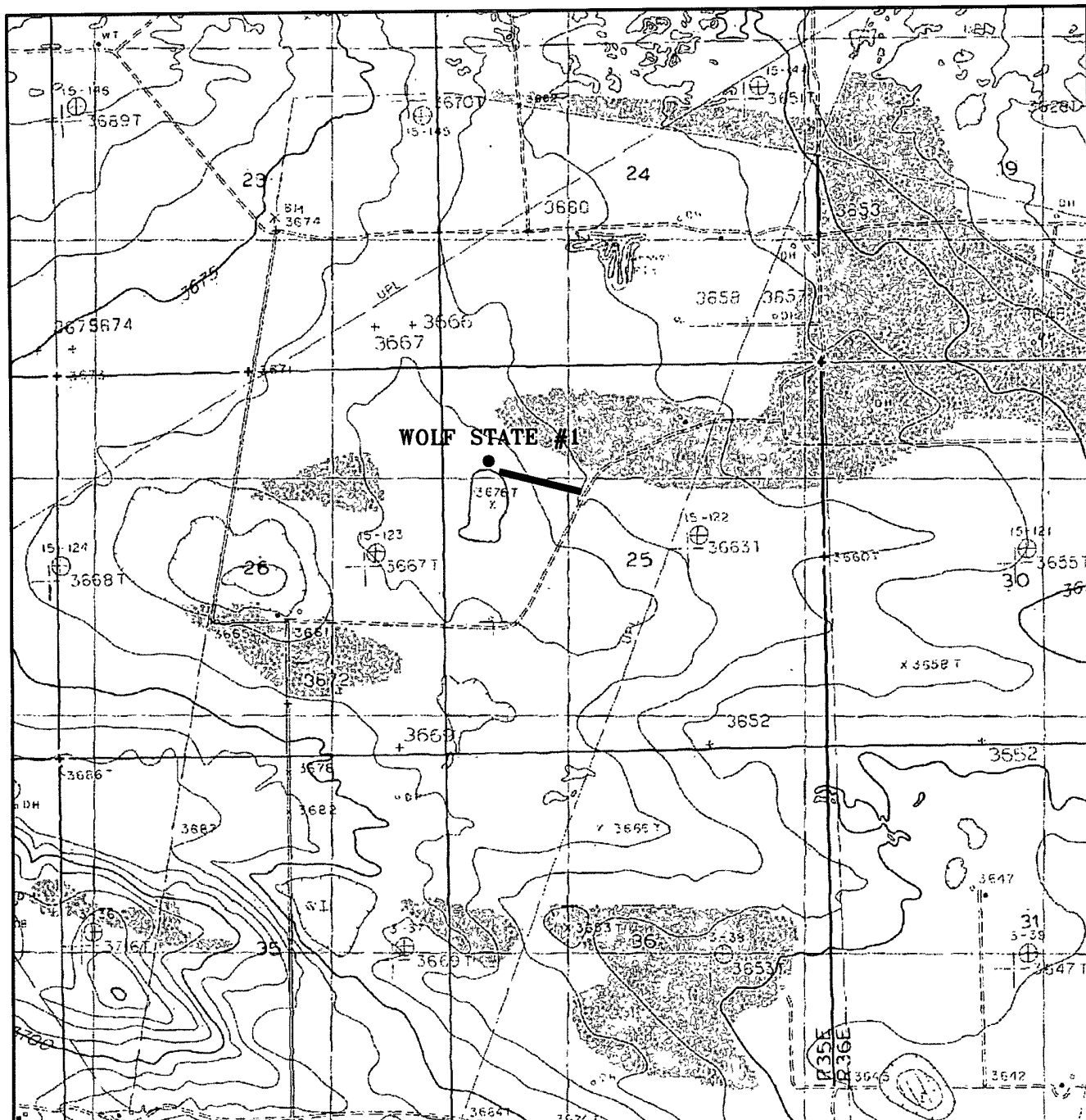
Drawn By: J. M. SMALL

Date: 08-17-2007

Disk: JMS 18418W

Survey Date: 08-16-2007

Sheet 1 of 1 Sheets



WOLF STATE #1

Located at 1310' FNL & 660' FWL
 Section 25, Township 20 South, Range 35 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

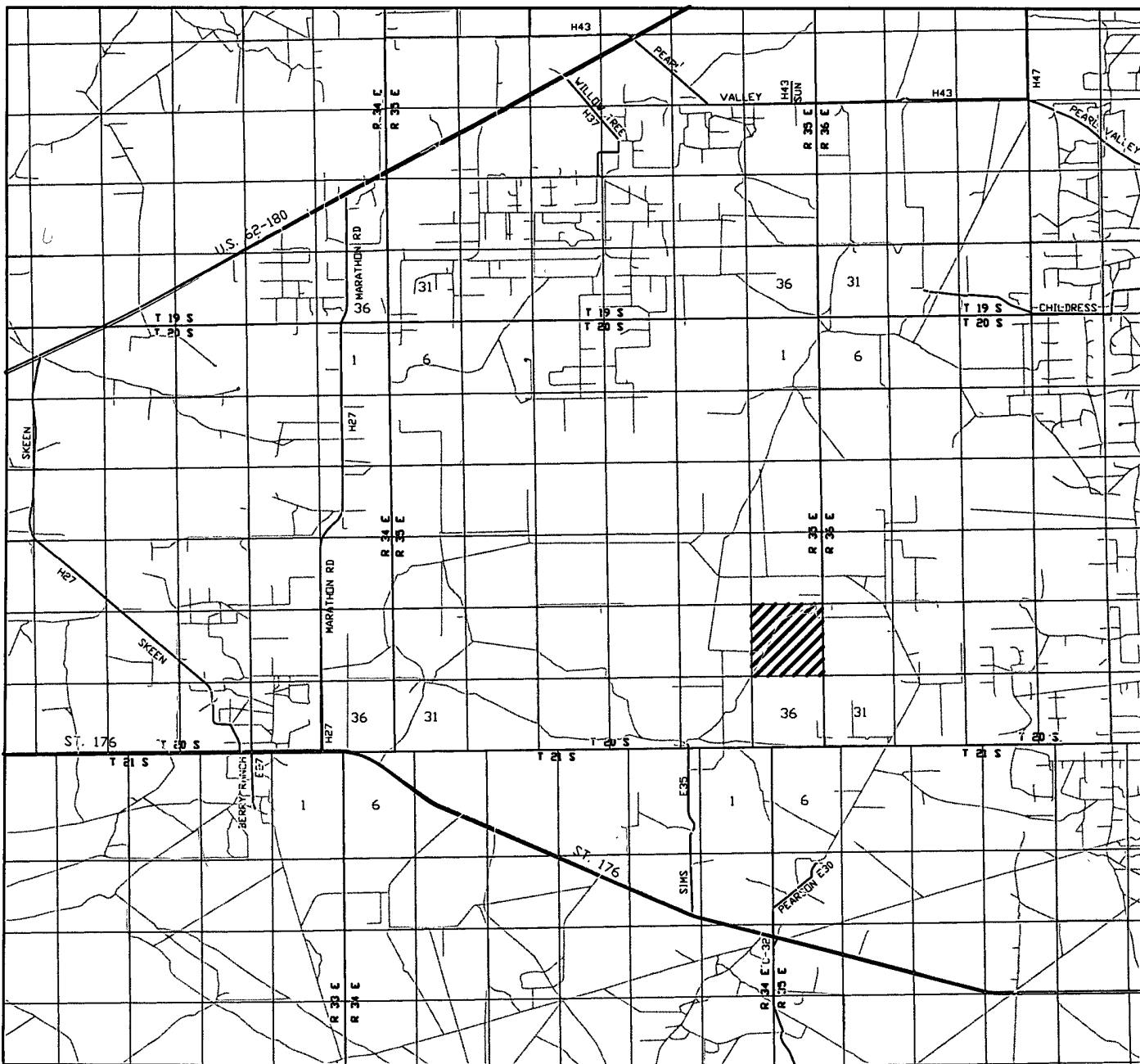
W.O. Number: 18418T

Survey Date: 08-16-2007

Scale: 1" = 2000'

Date: 08-17-2007

NADEL AND
GUSSMAN
PERMIAN



WOLF STATE #1

Located at 1310' FNL & 660' FWL
 Section 25, Township 20 South, Range 35 East,
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Survey Date: 08-16-2007

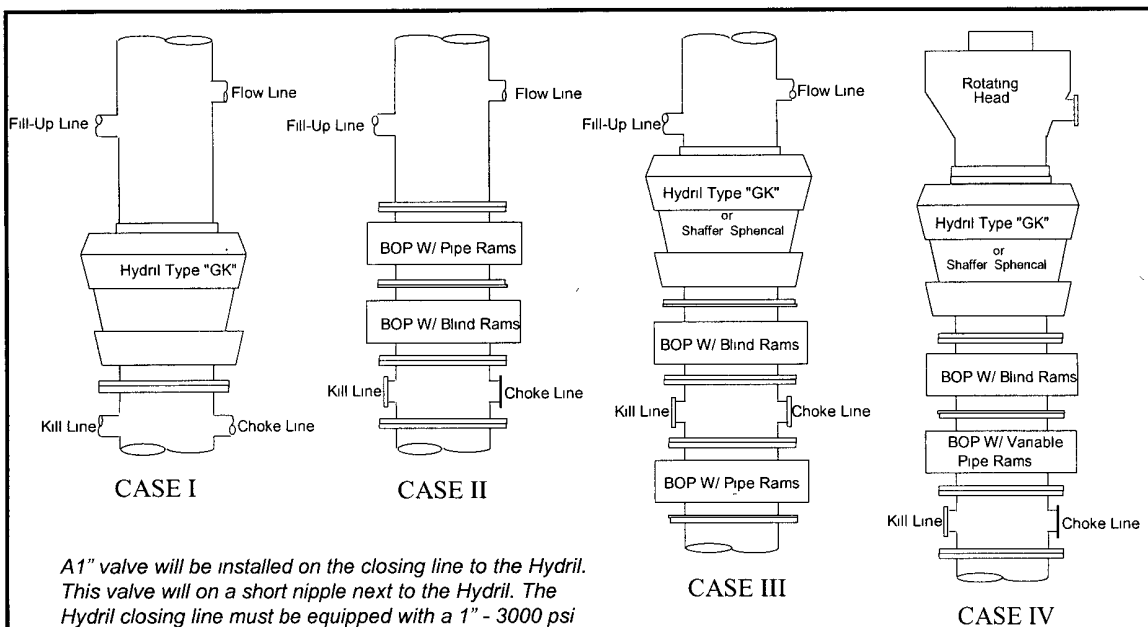
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Date: 08-17-2007

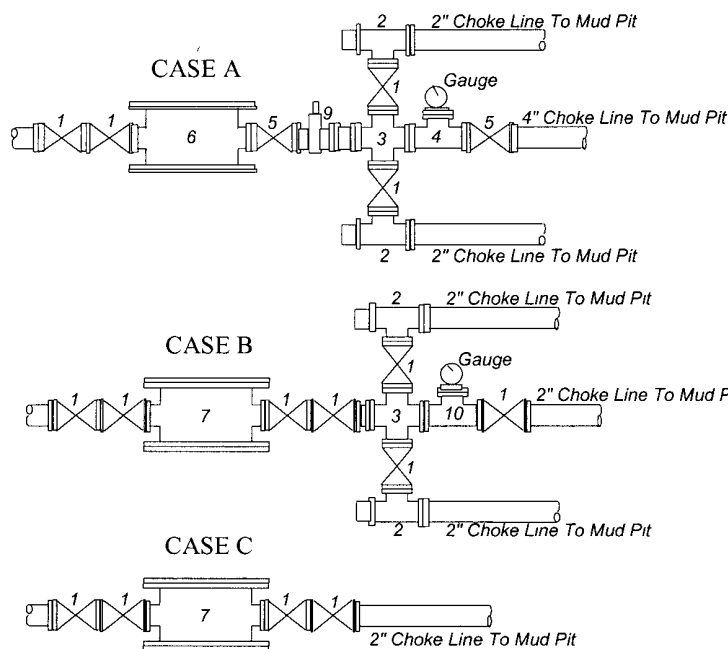
NADEL AND
 GUSSMAN
 PERMIAN

Nadel and Gussman Permian

MINIMUM BLOWOUT PREVENTER REQUIREMENTS



A1" valve will be installed on the closing line to the Hydril. This valve will on a short nipple next to the Hydril. The Hydril closing line must be equipped with a 1" - 3000 psi WP plug valve on the nipple into the Hydril.



BOP SIZE	BOP CASE	WORKING PRESSURE	CHOKE CASE
13-5/8"	IV	5000 psi	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.

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

August 20, 2007

Ms. Donna Mull
District 1 Staff Specialist
New Mexico Oil and Gas Division
1625 N. French Dr.
Hobbs, NM 88240


Re: Wolf State #1
1310' FNL, 660' FWL
UL D, Sec. 25-T20S-R35E
Lea Co., NM
Rule 118 H2S Exposure

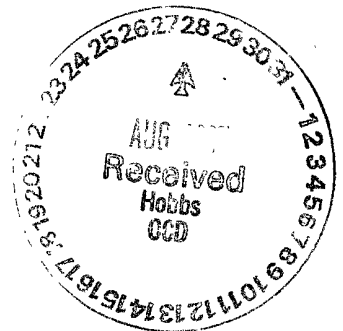
Dear Ms. Mull,

Nadel and Gussman Permian have evaluated this well and we do not expect to encounter hydrogen sulfide. However, we will employ a third party monitoring system. We will begin monitoring prior to drilling out intermediate and will continue monitoring the remainder of the well.

Please contact me if you have any additional questions.

Sincerely,


Terry West
Drilling Operations Engineer



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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
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: NADEL AND GUSSMAN PERMIAN, LLC Telephone: (432) 682-4429 e-mail address: terryw@naguss.com		
Address: 601 N. Marienfeld, Suite 508 Midland, TX 79701		
Facility or well name: Wolf STATE # 1 API #: 30-025-38511 U/L or Qtr/Qtr: D Sec: 25 T: 20S R: 35E		
County: LEA Latitude: N32°32'52.20" Longitude: W103°25'02.07" NAD: 1927 <input type="checkbox"/> 1983 <input checked="" type="checkbox"/> Surface Owner Federal <input type="checkbox"/> State <input checked="" type="checkbox"/> Private <input type="checkbox"/> Indian <input type="checkbox"/>		
Pit 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 20 mil Clay <input type="checkbox"/> Volume 20,000 bbl	Below-grade tank 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 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) 10 (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points) 0
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) 0 (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 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: 8/20/07

Printed Name/Title Terry West, Drilling Operations Engineer

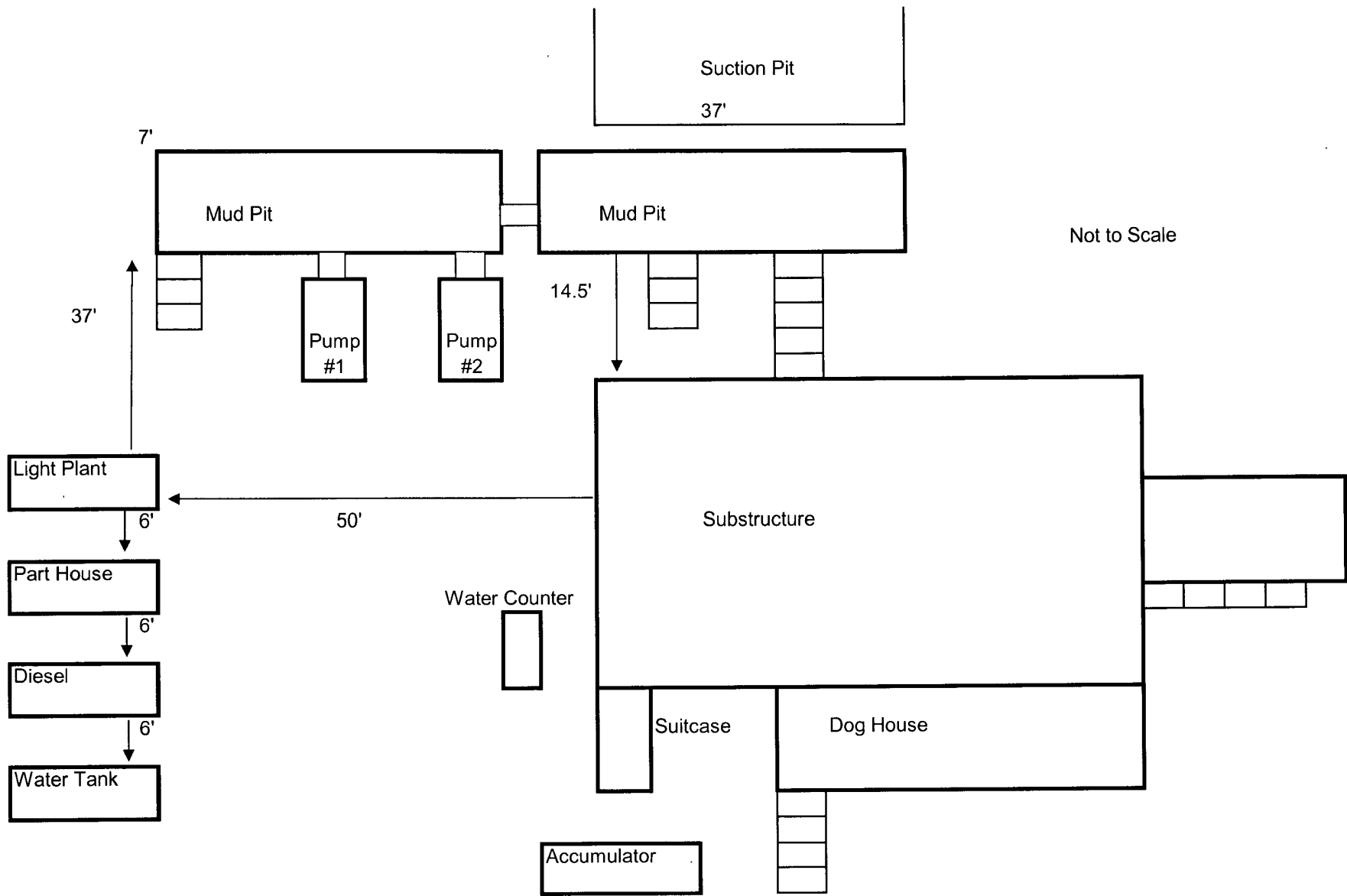
Signature

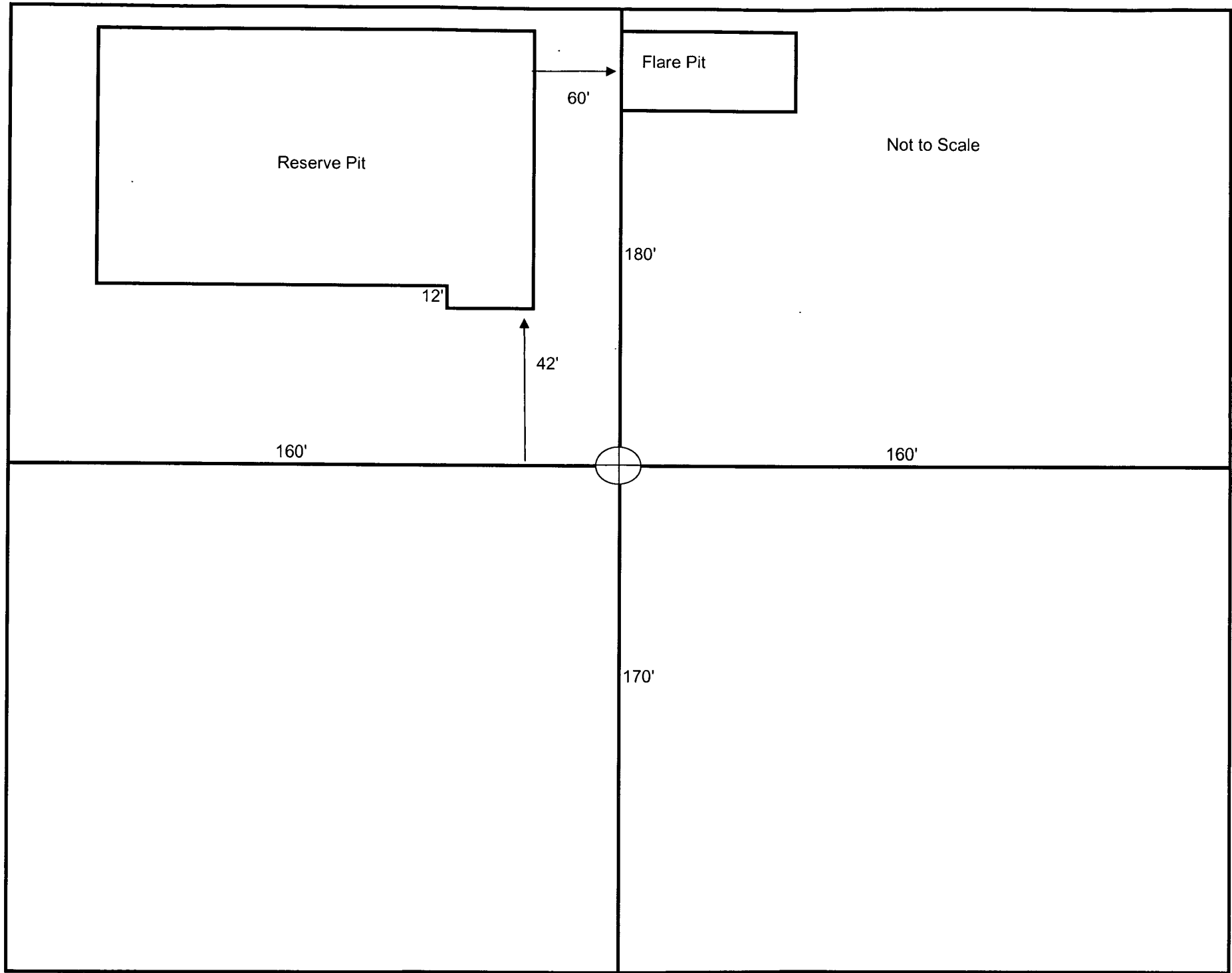
Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

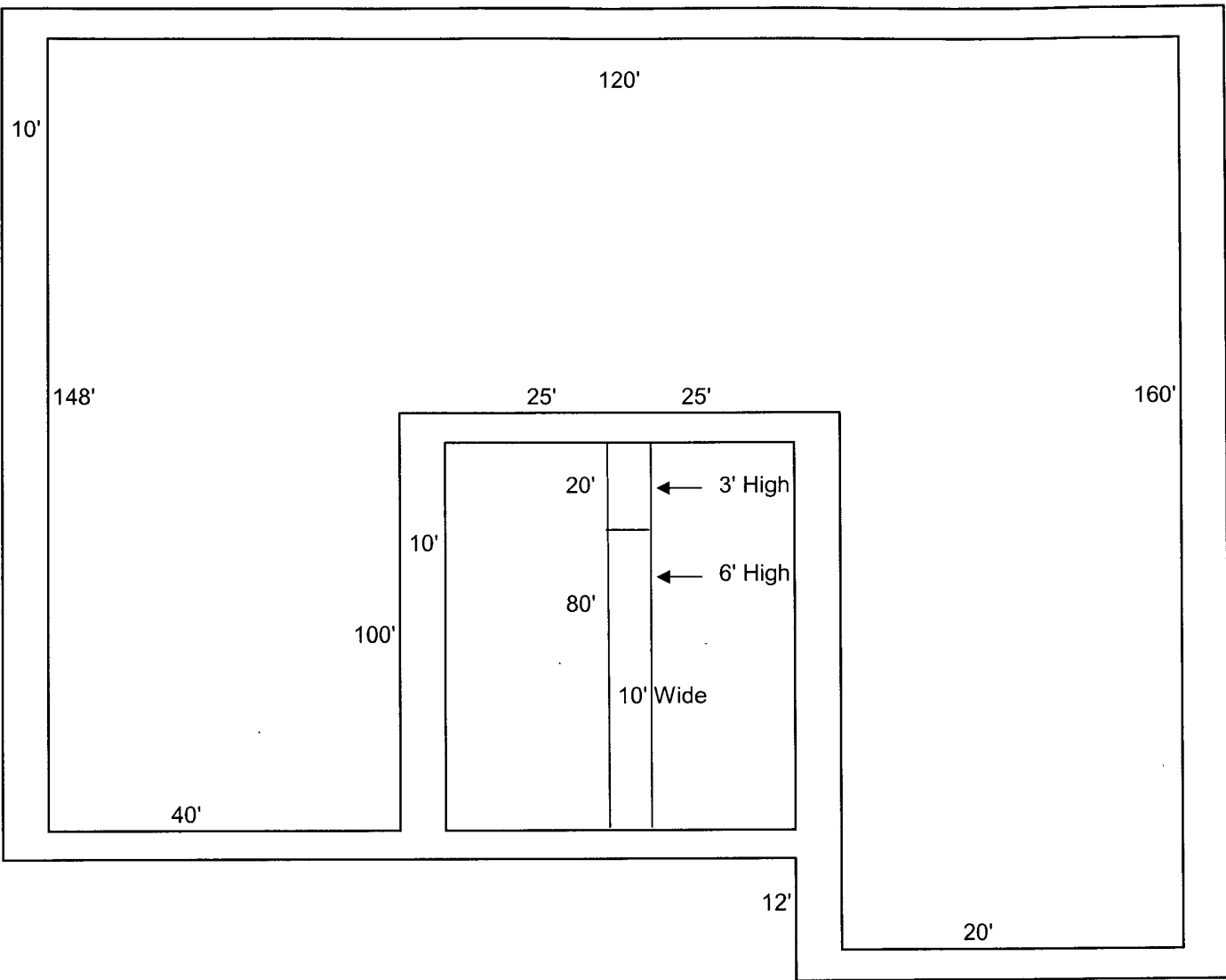
Approval:

Date: 9/4/07

Printed Name/Title CHRIS WILLIAMS / DIST. SUPO. Signature Chris Williams







Not to Scale

