

District I
1625 N. French
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
June 16, 2007

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**

¹ Operator Name and Address Nadel and Gussman Permian LLC 601 N. Marienfeld Suite 508 Midland, Tx 79701		² GRID Number 155615
		API Number 30 - 025-28434

³ Property Code 22524	⁵ Property Name B Lee State	⁶ Well No. 7
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⁹ Proposed Pool 1 SC HARB; QUEEN Undesignated	¹⁰ Proposed Pool 2 SC HARB; QUEEN
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⁷ Surface Location									
UL or lot no H	Section 5	Township 19S	Range 35E	Lot Idn	Feet from the 1980	North line	Feet from the 660	East line	County 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

¹¹ Work Type Code P	¹² Well Type Code O	¹³ Cable/Rotary	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3893.5
¹⁶ Multiple No	¹⁷ Proposed Depth 5200	¹⁸ Formation Penrose	¹⁹ Contractor	²⁰ Spud Date 11/02/1983

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
See	Original	C-101			

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.

Current Bone Spring perms 9490'-9594'
Current cibp @ 9450' capped w/ 35' cmt. Cur pbtd @ 9415'
Set cibp @ 7500' cap with 35' cmt
Set cibp @ 5500' cap w/ 35' cmt
Perforate the Penrose @ 51785186; and 5104-5116
Acidize and frac as needed
Put well on pump

**Permit Expires 2 Years From Approval
Date Unless Drilling Underway
Plugback**

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: <i>Kem E. McCready</i>		Approved by: <i>[Signature]</i>	
Printed name: Kem E. McCready		Title: PETROLEUM ENGINEER	
Title: NM Operations Engineer		Approval Date: OCT 23 2008	Expiration Date:
E-mail Address: kem@naguss.com			
Date: 10/15/2008	Phone: 432-682-4429	Conditions of Approval Attached <input type="checkbox"/>	

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-28434		² Pool Code 56630		³ Pool Name Schlarb; Quibben Undesignated	
⁴ Property Code 22524		⁵ Property Name B Lee State			⁶ Well Number 07
⁷ OGRID No. 155615		⁸ Operator Name Nadel and Gussman			⁹ Elevation 3893.5

¹⁰ Surface Location

UL or lot no. H	Section 5	Township 19S	Range 35E	Lot Idn	Feet from the 1980	North/South line North	Feet from the 660	East/West line East	County Lea
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¹¹ 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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

<div>16</div> <div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div> <div></div>	<div>17 OPERATOR CERTIFICATION</div> <div>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 or has a right to drill this well at this 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.</div> <div> <div>Kem E. McCreary</div> <div>Signature</div> <div>10/15/08</div> <div>Date</div> </div> <div>Kem E. McCreary</div> <div>Printed Name</div> <div>Refer to Original Plat</div>
				<div>18 SURVEYOR CERTIFICATION</div> <div>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.</div> <div>Refer to Original Plat</div> <div>Date of Survey</div> <div>Signature and Seal of Professional Surveyor</div>
				<div>Certificate Number</div>

NADEL AND GUSSMAN PERMIAN, L.L.C.

601 N. Marienfeld, Suite #508

Midland, Texas 79701

(432) 682-4429

Fax (432) 682-4325

October 15, 2008

New Mexico Oil and gas Division

1625 N. French Drive

Hobbs, NM 88240

RE: B Lee State Well No. 7

1980 FNL 660 FEL

UL H Sec. 5 T19S R 35E

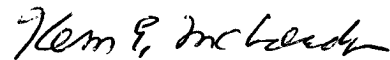
Rule 118 H2S Exposure

Dear Sir,

Nadel and Gussman Permian has evaluated this well and we do not expect to encounter hydrogen sulfide in excess of 100 ppm during our recompletion.

Please contact me if you have any additional questions.

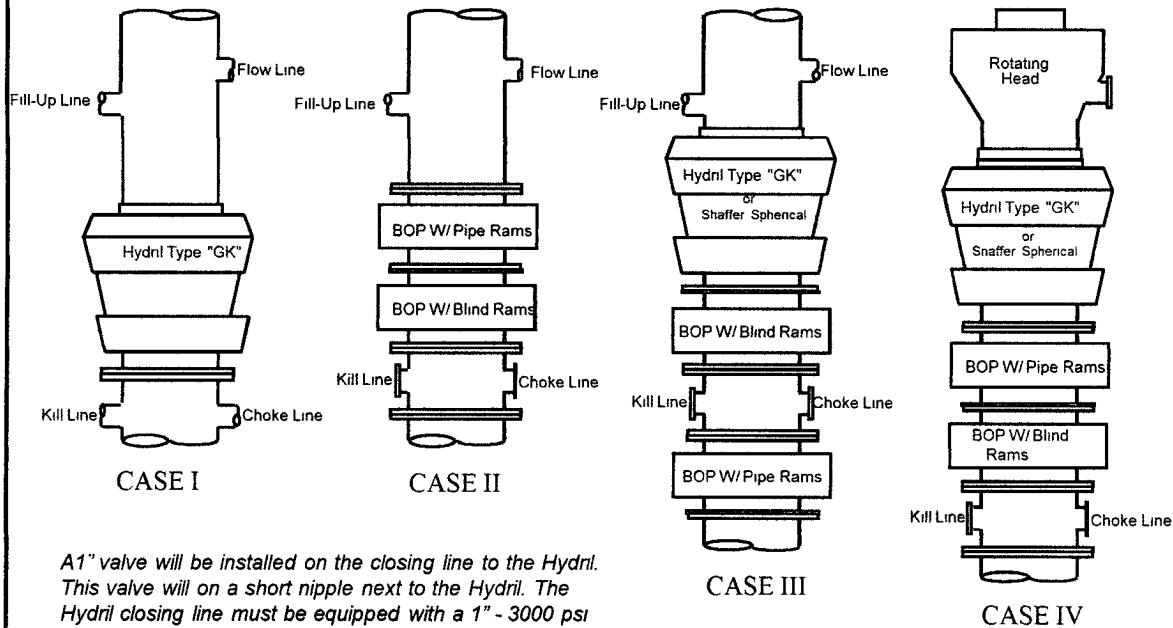
Sincerely,



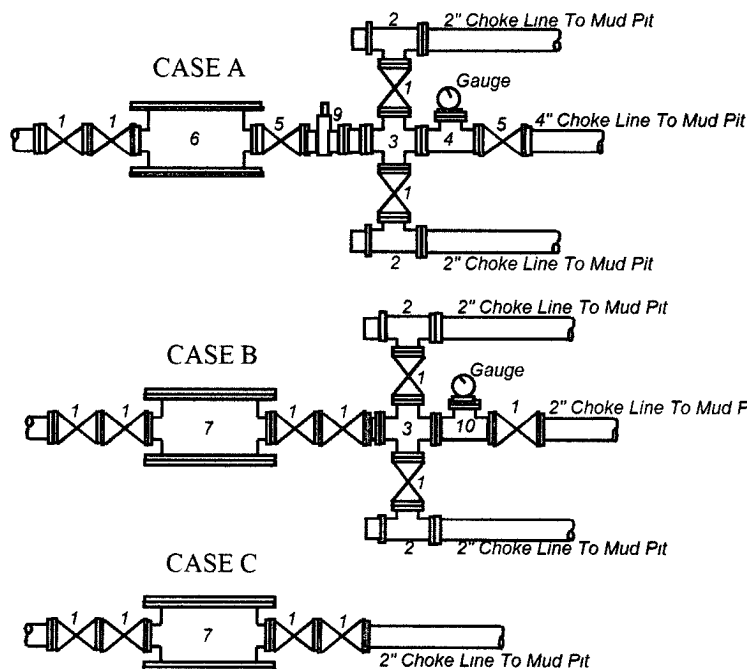
Kem E. McCready

Operations Engineer

Dinero Operating
B Lee State Well #7 Recomplete
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
7-1/16"	II	5000	B

***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