Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS

FORM APPROVED
OMB NO 1004-0137
Expires March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No
NMNM97896

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
NM 101340

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No
Jade 34 Fed Com #1

2. Name of Operator
Nearburg Producing Company

9 API Well No.
30-025-34390

3a. Address
3300 N A St., Bldg 2 Ste 120, Midland, TX 79705

3b. Phone No. *(include area code)*
432/818-2950

10. Field and Pool, or Exploratory Area
Gem Morrow, East

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
1980 FSL and 1150 FEL, Sec 34, 19S, 33E

11. County or Parish, State
Lea NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☒ Plug Back	☐ Water Disposal	

13 Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones Attach the Bond under which the work will be performed or provide the Bond No on file with BLM/BIA Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

Npc requests to plugback the subject well and test the Wolfcamp formation per the attached procedure. If this is unsuccessful, we request to set a CIBP to cover WC perfs and move up and test the Bone Springs formation per attached.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

RECEIVED
NOV 12 2009
HOBBSOCD

APPROVED
NOV 6 2009
/s/ Myles Kristof
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)* Sarah Jordan

Title Prod/ Reg Analyst

Date 10/6/09

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by MW/OCD

Title Compliance Officer

Date 11-25-09

Conditions of approval, if any, are attached. Approval of this notice 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

Office DIST. I

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes 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.

CURRENT EQUIPMENT DESCRIPTION:

RECOMMENDED PROCEDURE:

1) RU PU. Kill well. ND WH NU BOP.

2) Release pkr & POH w/tbg & pkr.

3) RU JSI to set 5.5" CIBP @ 13,125' and dump 35' cmt on top.

4) RIH with tbg to 11,200. Hydrostatically test tbg going into hole.

5) Displace hole w/2% KCL w/.5 gpt ClayMaster 5 and inhibitor.

6) Pickle tbg. with 500 gals. Xylene and 750 gals. 15% NeFeHCl. Circulate out annulus to clean casing

7) POH w/tbg.

8) Run GR-Collar/CBL log from 12,800 back to 9,000. (Note casing should be cmtd to surface)

9) Perforate from **11,177-11,188** w/2 spf under a 5000# lubricator. Note any pressure changes at surface.

Correlate all perforating with Schlumberger "**Platform Express Compensated Neutron Log Three Detector Density / NGT" Log dated June 22, 1998.**

10) RIH with test/treat packer to 11,100 and set pkr.

11) Acidize perfs w/5,000 g 15% NeFeHCl acid and 35 balls at 4 to 5 bpm dropping balls as scheduled below:
a) Pump 2000 gals acid
b) Drop 7 balls
c) Pump 500 gals acid
d) Drop 7 balls
e) Pump 500 gals acid
f) Drop 7 balls
g) Pump 500 gals acid
h) Drop 7 balls
i) Pump 500 gals acid
j) Drop 7 balls
k) Pump 1000 gals acid
p) Flush to bottom perf w/2% KCL wtr
If job balls out surge balls off then resume pump schedule.

12) Flow/swab well to test production.

13) Unseat pkr and POH with tbg and pkr.

14) Based on test results set RBP or CIBP over WC perfs. If setting CIBP set CIBP at 12,700 and dump 35' cmt on top, then set CIBP at 11,150 and dump 35' cmt on top. If setting RBP dump 10' sand on top of RBP.

15) Perforate **9149, 9153, 9154, 9155, 9156, 9159, 9216, 9217, 9220, 9225, 9226, 9229, 9291, 9292, 9295, 9415, 9418, 9419, 9422, 9427, 9522, 9523, and 9524** one shot each.

16) RIH with test/treat pkr to 9050 and set pkr.

17) Acidize perfs with 2,500 gals 15% NeFeHCL acid and 35 balls sealers as follows:
a) Pump 500 gals acid
b) Drop 5 balls
c) Pump 250 gals acid
d) Drop 5 Balls
c) Pump 250 gals acid
d) Drop 5 Balls
c) Pump 250 gals acid
d) Drop 5 Balls
c) Pump 250 gals acid
d) Drop 5 Balls
c) Pump 250 gals acid
d) Drop 5 Balls
c) Pump 250 gals acid
d) Drop 5 Balls
a) Pump 500 gals acid

18) Swab to recover load

19) POH with tbg and pkr.

20) Frac down casing. Frac design to be determined.

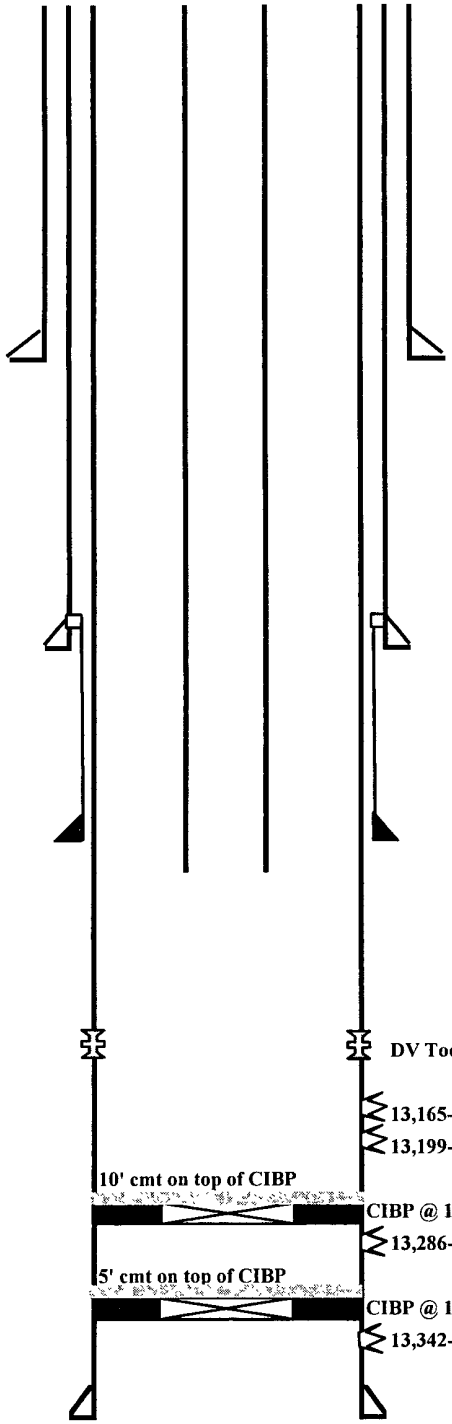
21) Flow back well

22) If RBP was set over WC then RIH with RBP catcher and tbg. Circ. sand and balls off top of RBP. Latch on to RBP and pull out of hole.

23) Run tubing and rods for production setup. Turn well over to production.

CURRENT WELLBORE DIAGRAM

LEASE:	Jade 34 Federal	WELL:	1	FIELD:	Gem East	API:	30-025-34390
LOC:	1980 FSL & 1150 FEL	SEC:	34	BLK:		Reservoir	Morrow
SVY:	T19S R33E	GL:	3583	CTY/ST		SPUD:	5/2/1998
CURRENT STATUS:	Producing	KB:	3600	DF:	3599	TD DATE:	6/22/1998
						COMP. DATE:	8/6/1998



FRESH WATER DEPTH:

TBG:
JTS:
SN:
TAC:
ROD SIZE:

PKR:
TYPE:

OH ID:
COTD:
PBTD: 13622
TD: 13690

OPEN HOLE:

HOLE SIZE: 18-1/2
SURF CSG & SIZE: 16" 65#, 75# & 85#
SET @: 1345
SXS CMT: 760
CIRC: 317 sx
TOC AT: Surf
TOC BY: Circ

HOLE SIZE: 14-3/4
INT. CSG & SIZE: 11-3/4 65#
SET @: 3540
SXS CMT: 1200
CIRC: 160 sx
TOC AT: Surf
TOC BY: Circ.

HOLE SIZE: 10-5/8
Liner SIZE: 8-5/8 32#
SET @: 5250
TOL: 3345
SXS CMT: 400
CIRC:
TOC AT: 3345
TOC BY:

HOLE SIZE: 7-7/8
PROD. CSG & SIZE: 5-1/2 17 & 20#
SET @: 13690
SXS CMT: 1st stg: 755 sx, 2nd stg: 1750 sx
CIRC: yes - both stages
TOC AT: Surf
TOC BY: Circ

LINER:

COMMENTS:

*******GEOLOGY*******
TOPS OF ALL ZONES PRODUCTIVE OF HYDRO-CARBONS:

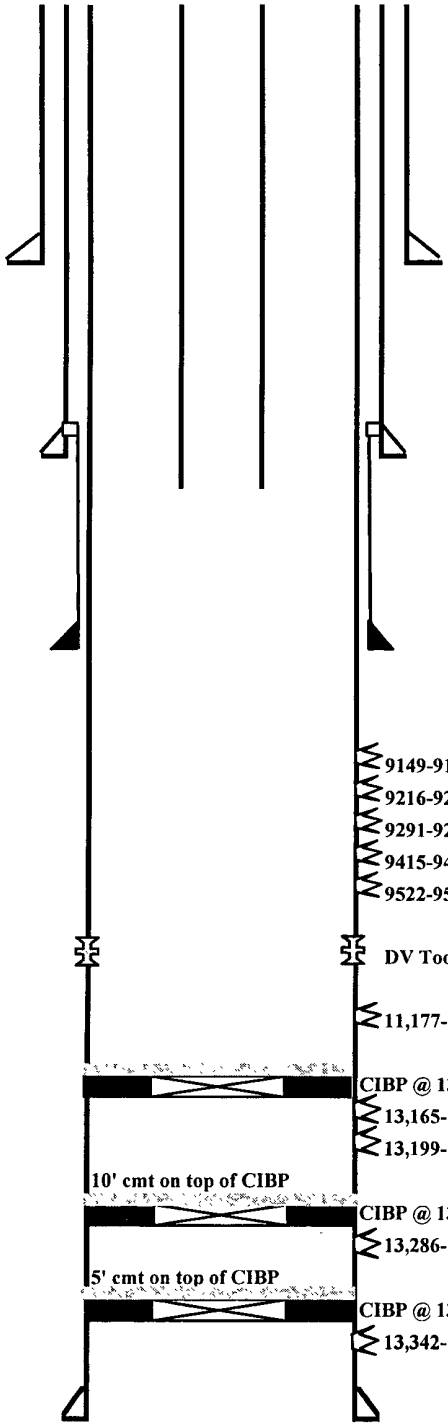
CURRENT PERFS:

SQUEEZE JOBS:

BY: TS
9/21/2009

PROPOSED
WELLBORE DIAGRAM

LEASE:	Jade 34 Federal	WELL:	1	FIELD:	Gem East	API:	30-025-34390
LOC:	1980 FSL & 1150 FEL	SEC:	34	BLK:	0	Reservoir	Wolfcamp/Bone Spring
SVY:	T19S R33E	GL:	3583	CTY/ST	0	SPUD:	5/2/1998
CURRENT STATUS:	Producing	KB:	3600	DF:	3599	TD DATE:	6/22/1998
						COMP. DATE:	8/6/1998



FRESH WATER DEPTH:

TBG:
JTS:
SN:
TAC:
ROD SIZE:

PKR:
TYPE:

OH ID:
COTD:
PBTD: 13622
TD: 13690

HOLE SIZE:	18-1/2
SURF CSG & SIZE:	16" 65#, 75# & 85#
SET @:	1345
SXS CMT:	760
CIRC:	317 sx
TOC AT:	Surf
TOC BY:	Circ

HOLE SIZE:	14-3/4
INT. CSG & SIZE:	11-3/4 65#
SET @:	3540
SXS CMT:	1200
CIRC:	160 sx
TOC AT:	Surf
TOC BY:	Circ.

HOLE SIZE:	10-5/8
Liner SIZE:	8-5/8 32#
SET @:	5250
TOL:	3345
SXS CMT:	400
CIRC:	0
TOC AT:	3345
TOC BY:	0

HOLE SIZE:	7-7/8
PROD. CSG & SIZE:	5-1/2 17 & 20#
SET @:	13690
SXS CMT:	1st stg: 755 sx, 2nd stg: 1750 sx
CIRC:	yes - both stages
TOC AT:	Surf
TOC BY:	Circ

COMMENTS:

*******GEOLOGY*******
TOPS OF ALL ZONES PRODUCTIVE OF HYDRO-CARBONS:

CURRENT PERFS:

SQUEEZE JOBS:

BY: TS
9/21/2009

OPEN HOLE:

LINER:

Jade 34 Fed Com #1
30-025-34390
Nearburg Producing Company
November 4, 2009
Conditions of Approval

1. **Surface disturbance beyond the existing pad must have prior approval.**
2. **Closed loop system required.**
3. **3M BOP to be NU and tested prior to RIH.**
4. **Contact the BLM 24 hours prior to beginning procedure.**
5. **Additional 25' of cement needed on CIBP @ 13,276'.**
6. **Move proposed CIBP @ 13,125' to 13,115' and tag.**
7. **Plug top of the Morrow @ 12706' with a 230' plug.**
8. **Move Proposed CIBP @ 11,150' to 11,127' and tag.**
9. **Set CIBP @ 9,982' with 35' of bailed cement to plug off the DV tool @ 10,032'.**
10. **If planning to DHC the Wolfcamp and Bone Spring, a sundry will be required prior to the formation being DHC.**
11. **Subsequent sundry and completion report required.**

MAK 110409