

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS
RECEIVED

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.

JUN 04 2010

HOBBSOCD

SUBMIT IN TRIPLICATE - Other instructions on reverse side

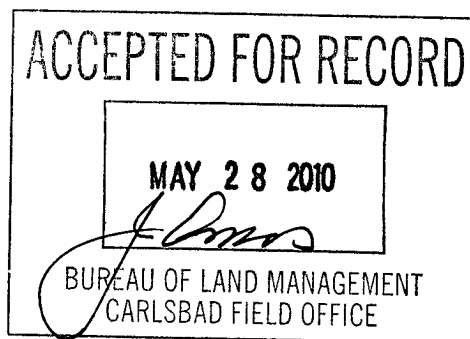
1. Type of Well ☒ Oil Well ☒ Gas Well ☐ Other		5. Lease Serial No. NMNM97896
2. Name of Operator Nearburg Producing Company		6. If Indian, Allottee or Tribe Name
3a. Address 3300 N A St., Bldg 2 Ste 120, Midland, TX 79705	3b. Phone No (include area code) 432/818-2950	7. If Unit or CA/Agreement, Name and/or No
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1980 FSL and 1150 FEL, Sec 34, 19S, 33E		8. Well Name and No Jade 34 Fed Com #1
		9. API Well No. 30-025-34390
		10. Field and Pool, or Exploratory Area Teas; Bone Spring
		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 <u>Work perform</u>
	☐ Change Plans ☐ Plug and Abandon ☐ Temporarily Abandon <u>during plugback</u>
	☐ 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 recompleat 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 recompleat 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.)

Per request from Jim Amos, please find attached the work performed during the plugback of the subject well.



14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Sarah Jordan	Title Prod/ Reg Analyst
<i>S. Jordan</i>	Date 5-25-10

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title PETROLEUM ENGINEER	Date JUN 07 2010
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 <i>[Signature]</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.

25

TIGHT HOLE-PLEASE DO NOT RELEASE ANY INFORMATION ON THIS WELL

Jade 34 Federal Com #1

1,980' FSL and 1,150' FEL, Section 34, T19S, R33E

Morrow

Lea County, New Mexico

**** ALL COSTS ARE FIELD ESTIMATES ****

12/03/09 Move rig & crew to location from Foster 31 Fed #2. MIRU Lucky Services pulling unit. The sand line on pulling unit was too short so decided to get new sand line and put on spool. SDFN. Will release pkr in the AM and POOH w/ tbg.

Current Operations: Release pkr and POOH

12/04/09 Snowed last night making roads snow-packed and icy. Lucky pulling unit crew & TRM pump truck had a 2 hr delay before leaving yard. Arrive on location & ND WH. The bolts on wellhead were hard to remove. NU BOP. Had TRM pump truck load tbg w/ 10 Bbls 2% KCL wtr. Release PLS packer. POOH w/ 8 jts- 2 3/8" N-80 4.7# EUE 8rd tubing. The pkr elements was dragging & catching on each csg collar for first few stands. When elements were tore off tbg & csg started blowing gas. Had a freezing problem with air lines on pulling unit. Had an aligning problem w/ weigh indicator pad. Hooked tbg & csg up to stock tank to blow dn gas pressure. SDFW. Will finish POOH w/ tbg & pkr on Monday AM.

Current Operation: Finish POOH w/tbg & pkr, RU JSI to dump bail cmt & set CIBP.

12/07/09 Blow dn tbg & csg pressure. Remove TIW valve from tbg. Open BOP rams. POOH w/ 404 jts- 2 3/8" N-80 4.7# EUE 8rd tubing, 2 3/8" x 5 1/2" PLS pkr, 2 3/8" x 10' N-80 tbg sub w/ WLEG. LD pkr. Pkr had packing elements gone when POOH. MIRU JSI electricline truck to RIH w/ 4.3" gauge ring JB/CCL to 13,266' (TOC). POOH w/ gauge ring. RIH w/ 2 cement dump bailer runs putting 35' additional Class H cement on existing CIBP @ 13,276'. Had 10' cement already, but added 35' more making TOC @ 13,231'. POOH & LD dump bailer. RIH w/ 5 1/2" CIBP/CCL/Gamma gun. Log from 13,185' up to 12,800'. Correlate CIBP on depth w/ open hole log & set @ 13,115'. POOH w/ setting tool. Close BOP blinds. SI well. SDFN. Will RIH w/ cmt dump bailer putting 35' cmt on top of CIBP in the AM.

Current Operation: Dump bail 35' cmt on top of CIBP.

12/08/09 RU JSI electricline truck to RIH w/ 2 cmt dump bailer runs putting 35' cmt on top of CIBP @ 13,115'. POOH & LD cmt dump bailer. RDMO JSI electricline truck. SD WOC. Will RIH hydrotesting tbg to tag TOC in the AM before pickling tbg.

Current Operation: RIH hydrotesting 2 3/8" tbg, pickle tbg, displace hole w/2% KCL wtr, POOH w/tbg.

Nearburg Producing Company

TIGHT HOLE-PLEASE DO NOT RELEASE ANY INFORMATION ON THIS WELL

Jade 34 Federal Com #1

1,980' FSL and 1,150' FEL, Section 34, T19S, R33E

Morrow

Lea County, New Mexico

**** ALL COSTS ARE FIELD ESTIMATES ****

- 12/09/09 MIRU Hydrostatic Tbg testers to test 2 3/8" tbg to 7000# above slips. RIH w/ 2 3/8" x 4' Perforated Tbg sub (bullplugged) w/ 2 jts- 2 3/8" N-80 6.5# EUE 8rd tbg. Had undersized cups on testers tools due to excessive amount of scale buildup inside tbg wall. Had trouble pulling tools up through tbg. Decided to test tbg when RIH w/ pkr. RDMO Hydrostatic Tubing testers. RIH w/ 410 jts- 2 3/8" N-80 6.5# EUE 8rd tubing, (2) 2 3/8" x 10' x 4' N-80 tubing subs. Tag TOC above CIBP @ 13076' by tbg tally. POOH & LD (2) 2 3/8" x 10' x 4' N-80 tbg subs, 1 jt- 2 3/8" N-80 tbg leaving EOT @ 13031'. MIRU Crain acid pump truck to tbg to pickle tbg w/ 500 gals xylene followed by 1000 gals 15% NEFE HCL acid flushing w/ 300 Bbls 2% KCL water w/ .5 gpt Claymaster. Pumped dn tbg & out csg to frac tank. RDMO Crain acid pump truck. Had TRM bring flush wtr and when empty had them pull the flowback frac tank down. POOH & LD 8 jts- 2 3/8" N-80 tbg on pipe racks. SDFN. Will finish POOH w/ tbg in the AM before running CBL.
- 12/10/09 Remove TIW valve from tbg. Open BOP rams. POOH & LD 54 jts- 2 3/8" N-80 tbg on pipe racks. Continue to POOH standing back 350 jts- 2 3/8" N-80 6.5# EUE 8rd tbg. LD 2 3/8" x 4' Perforated tbg sub w/ bullplug. MIRU JSI electricline truck to RIH w/ GR/CCL/CBL tools to run cement bond log from 12,800' up to 9000'. Logged first pass w/ 0# on csg. Had areas in which were questionable on cement bond and decided to run pass pass w/ 1000# on csg. Had Crain pump truck load csg w/ 2% KCL wtr & pressure csg to 1000# and hold while logging same interval. The 1000# pass made the bond look significantly better. POOH w/ CBL tools. RDMO JSI electricline truck. Close BOP blinds. SI well. Will SD pulling unit tomorrow (Friday) due to Christmas party in Dallas. Will RU JSI on Monday AM to perforate well.

Current Operations: Perforate on Monday

TIGHT HOLE-PLEASE DO NOT RELEASE ANY INFORMATION ON THIS WELL

Jade 34 Federal Com #1

1,980' FSL and 1,150' FEL, Section 34, T19S, R33E

Morrow

Lea County, New Mexico

**** ALL COSTS ARE FIELD ESTIMATES ****

12/14/09 MIRU JSI electricline truck to RIH w/ CCL & 3 1/8" csg gun to jet perforate under 5000# lubricator from 11,177'- 11,188' w/ 2 spf making 22 holes after correlating guns on depth w/ Schlumberger "Platform Express" Compensated Neutron Log Three Detector Density/ NGT" Log dated June 22, 1998. POOH & LD shot 3 1/8" csg gun. RDMO JSI electricline truck. No pressure change at surface after shooting. PU & RIH w/ 2 3/8" x 5 1/2" AS 1x pkr w/ 1.81" F profile nipple, 2 3/8" On/Off tool, 349 jts- 2 3/8" N-80 4.7# EUE 8rd tubing. RU Hydrostatic Tubing testers to test 2 3/8" tbg to 7000# above slips while RIH w/ pkr. RDMO Hydrostatic Tbg testers. Set pkr @ 11,077' in 18,000# compression. ND BOP. NU B1 bonnet WH flange. Put TIW valve on top of flange. Had RWI roustabouts hookup WH to frac tank to flow well back after acid job. Left well open to frac tank overnight. SDFN. Will have BJ breakdown perfs w/ acid job in the AM.

Current Operation: BJ to acidize perfs, flow/swab well back to frac tank.

12/15/09 MIRU BJ Services to acidize perfs (11,177'- 11,188'; 22 holes) w/ 5000 gal (119 Bbls) 15% NEFE HCL acid dropping (34) 7/8" 1.3 sp gr ball sealers for diversion. BJ tested lines to 4500#. Open well w/ 148# tbg pressure. Had TRM pump truck pressure csg to 500# and hold while pumping acid job. Started pumping 2% KCL wtr to breakdown perfs. Kept increasing pressure each time we shut down until perfs started taking wtr @ 1/2 bpm w/ 5900#. Had a small pressure leak into csg from tbg, but no significant volume of wtr. Kept csg bled dn to 500# while pumping into perfs. Started pumping 2000 gal (47.6 Bbls) 15% NEFE acid @ 2 bpm w/ 5200#. Dropped 7 balls every 12 Bbls acid until 34 balls were dropped increasing rate to 3.5 bpm w/ 5940#. Pumped 1000 gal (23.8 Bbls) 15% NEFE acid behind last ball drop followed by 45 Bbls 2% KCL wtr to flush acid to btm perf. SD. Balled out 11 Bbls into flush. Surged balls are resumed pumping the rest of flush. ISDP- 4180#, 5 min- 4137#, 10 min- 4087#, 15 min- 4066#. Treating pressures: MAX- 6500#, MIN- 3400#, AVG- 5850#. Injection rates: Treating fluid- 3.5 bpm, Flush- 3.5 bpm. Have 183 Bbls load to recover. RDMO BJ Services acid trucks. Left well shut in for 2 hrs to let acid spend before starting to flow well back to frac tank. Opened well @ 1:00 PM w/ 3900# tbg pressure to flow back @ 20 bph to frac tank. Kept opening choke to maintain 20 bph until fully open @ 3:30 PM. Flowed back a total of 52 Bbls in 2 1/2 hrs. RU to swab 2 3/8" tbg. Made a total of 4 swab runs bringing back 24 Bbls wtr pulling last run from 6000' FS. The samples caught showed between 2-3% oil cut on each run w/ a good gas blow. Total recovered was 76 Bbls wtr. Still have 107 Bbls load to recover. SDFN. Will RDMO Lucky pulling unit in the AM and RU Mico swab unit to continue to swab well.

Current Operation: Swab well to frac tank.

Nearburg Producing Company

TIGHT HOLE-PLEASE DO NOT RELEASE ANY INFORMATION ON THIS WELL

Jade 34 Federal Com #1

1,980' FSL and 1,150' FEL, Section 34, T19S, R33E

Morrow

Lea County, New Mexico

**** ALL COSTS ARE FIELD ESTIMATES ****

12/16/09 Well open to frac tank overnight. Had 0# tbg pressure. RDMO Lucky Services pulling unit. Had Two-State load & haul 63 jts- 2 3/8" N-80 4.7# EUE 8rd tubing off pipe racks to yard. Released all equipment on location. Wait for Mico swab unit to arrive on location. Swab unit arrived @ 1:00 PM to MIRU and start swabbing well. IFL @ 1400' FS. Made a total of 5 swab runs bringing back 24 Bbls total fluid (11 Bbls oil & 13 Bbls Wtr). The samples caught on each run averaged 30% Oil cut . FFL @ 4200' FS. Had 5# tbg pressure blowing to tank. Left well open overnight to frac tank. SDFN. Will swab again in the AM.

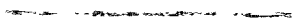
Current Operation: Swab well to frac tank.

12/17/09 Well open to frac tank overnight. Had 0# tbg pressure when arriving on location. IFL @ 2700'. Made a total of 11 swab runs bringing back 34 Bbls total fluid (11 Bbls oil & 23 Bbls Wtr). The samples caught showed between 30-85% oil cuts. FFL @ 10500' FS. Had 5# tbg pressure blowing to tank. Left well open to frac tank overnight. The last few runs were hourly only getting 100' of fluid entry into wellbore, but not getting out with any fluid. SDFN. Will swab again in the AM.

Current Operation: Swab well to frac tank.

12/18/09 Well open to frac tank overnight. Had 0# tbg pressure when arriving on location. IFL @ 6500'. Made a total of 6 swab runs bringing back 12 Bbls total fluid (9 Bbls oil & 3 Bbls Wtr). The samples caught showed 90% oil cuts. FFL @ 10200' FS. Had 5# tbg pressure blowing to tank. Left well open to frac tank overnight. The last three runs were hourly runs getting 500' of fluid entry into wellbore on each run made. SDFN. Will swab again Monday AM.

Current Operation: Swab well to frac tank.



TIGHT HOLE-PLEASE DO NOT RELEASE ANY INFORMATION ON THIS WELL

Jade 34 Federal Com #1

1,980' FSL and 1,150' FEL, Section 34, T19S, R33E

Morrow

Lea County, New Mexico

**** ALL COSTS ARE FIELD ESTIMATES ****

12/21/09 Well open to frac tank over the weekend. Had 0# tbg pressure when arriving on location. IFL @ 2400'. Made a total of 5 swab runs bringing back 30 Bbls Oil & no wtr. The samples caught showed 100% oil cut. FFL @ 10900' FS. Had 5# tbg pressure blowing to tank. Left well open to frac tank overnight. The second run we tagged FL @ 5000' FS and well started flowing full open to frac tank. Flowed 19 Bbls oil in 30 minutes before tbg pressure falling to 0#. The last three runs pulled FL dn to profile. Well flowing lite gas blow to frac tank. SDFN. Will swab again in the AM.

Current Operation: Swab well to frac tank.

12/22/09 Well open to frac tank overnight. Had 0# tbg pressure when arriving on location. IFL @ 7200'. Made a total of 5 swab runs bringing back 10 Bbls Oil & no wtr. The samples caught showed 100% oil cut. FFL @ 10400' FS. Had 5# tbg pressure blowing to tank. Left well open to frac tank on 26/64" choke. RDMO Mico Swab unit. FINAL REPORT. Curent Operation This AM: Open to tank.

01/07/10 Move rig & crew to location from Fairchild 24 #1. MIRU Lucky Services pulling unit. ND WH & NU BOP. Had Lucky Rental bring matting board and set of pipe racks to location. Had TRM pump truck on location to pump 2% KCL wtr dn tbg to release pkr. Release pkr. POOH standing back 349 jts- 2 3/8" N-80 4.7# EUE 8rd tubing, 2 3/8" x 5 1/2" AS 1x pkr w/ 1.81" F profile & On/Off tool. LD pkr. Close BOP blinds. SI well. SDFN. Will RU JSI electricline truck to RIH w/ CIBP's and dump bail cmt in the AM. Current Operation: Bail cement in the AM

01/08/10 Had several inches of snow last night which delayed Lucky pulling unit 2 hrs. When pulling unit arrived on location they couldn't start the rig due to having battery/startrer problems. Had mechanic change out starter. MIRU JSI electricline truck to RIH w/ 5 1/2" CIBP/CCL and correlate on depth w/ Schlumberger open hole log/JSI CBL log & set @ 12,706'. POOH w/ setting tool. PU & RIH w/ cmt dump bailer & make 3 runs putting 50' cmt on top of CIBP w/ TOC @ 12,656'. LD dump bailer. PU & RIH w/ 5 1/2" CIBP/CCL and correlate on depth w/ Schlumberger open hole log/JSI CBL log & set @ 11,127'. POOH w/ setting tool. PU & RIH w/ cmt dump bailer & make 2 runs putting 35' cmt on top of CIBP w/ TOC @ 11,092'. LD dump bailer. RDMO JSI electricline truck. Close BOP blinds. SI well. SDFN. Will RIH w/ 2 3/8" tbg in the AM. Had TRM vac truck haul wtr from frac tank to disposal. Current Operation: RIH w/tbg. To tag TOC.

TIGHT HOLE-PLEASE DO NOT RELEASE ANY INFORMATION ON THIS WELL

Jade 34 Federal Com #1

1,980' FSL and 1,150' FEL, Section 34, T19S, R33E

Morrow

Lea County, New Mexico

**** ALL COSTS ARE FIELD ESTIMATES ****

- 01/09/10 Open BOP blinds. RIH w/ 2 3/8" x 4' Perforated Tubing sub (bullplugged), 322 jts- 2 3/8" N-80 4.7# EUE 8rd tubing. Put TIW valve on tubing. Close BOP rams. SI well. SDFW. Will finish RIH w/ tbg to tag TOC for BLM Monday AM before setting another CIBP @ 9982' to cover DV tool.
Current Operation: Finish RIH w/tbg to tag TOC. POOH w/tng, RIH CIBP & dump bail cmt.
- 01/11/10 Remove TIW valve from tbg. Open BOP rams. RIH w/ 28 jts- 2 3/8" N-80 4.7# EUE 8rd tubing. Tag TOC @ 11,097' w/ jt #351 (should have found TOC @ 11,092' WL depth). Called BLM (Hobbs) talked to Kathy Haston to see if they were going to be on location to witness tag. She asked where we tagged and accepted tag and told us to continue. POOH & LD 36 jts- 2 3/8" N-80 tbg on pipe racks. Continue to POOH standing back 314 jts- 2 3/8" N-80 4.7# EUE 8rd tubing in derrick. MIRU JSI electricline truck to RIH w/ 5 1/2" CIBP/CCL & correlate on depth w/ Schlumberger open hole log & set @ 9982'. POOH w/ setting tool. RIH w/ cmt dump bailer making 2 cmt runs putting 35' cmt on top of CIBP w/ TOC @ 9947'. LD cmt dump bailer. RD JSI electricline truck. RIH w/ 2 3/8" x 4' Perforated Tbg sub (bull plugged), 292 jts- 2 3/8" N-80 4.7# EUE 8rd tubing. Put TIW valve in tbg. Close BOP rams. Will finish RIH w/ tbg in the AM before having Crain acidizing truck breakdown perfs.
Current Operation This AM: Pickle tbg and displace w/ 2%.
- 01/12/10 Remove TIW valve from tbg. Open BOP rams. RIH w/ 20 jts- 2 3/8" N-80 4.7# EUE 8rd tubing leaving EOT @ 9895'. Put TIW valve in tbg. Close BOP rams. Wait for Crain acid pump truck to arrive on location to pickle tbg (had truck problems). MIRU Crain acid pump truck to pickle 2 3/8" tbg and csg w/ 250 gals Xylene followed by 1000 gals 15% NEFE HCL acid displacing hole w/ 260 Bbls 2% KCL wtr w/.5 gpt ClayMaster 5C. Had TRM furnish the 2% KCL wtr. When empty had TRM vac trucks pull all fluid out of frac tank & haul to disposal. RDMO Crain acid pump truck. SDFN. Will POOH w/ 2 3/8" tubing in the AM before RU JSI to perforate the lower Bone Springs formation.
Current Operation: POOH w/tbg., RU JSI to perforate lower Bone Spring, RIH w/tbg. & pkr.

TIGHT HOLE-PLEASE DO NOT RELEASE ANY INFORMATION ON THIS WELL

Jade 34 Federal Com #1

1,980' FSL and 1,150' FEL, Section 34, T19S, R33E

Morrow

Lea County, New Mexico

**** ALL COSTS ARE FIELD ESTIMATES ****

01/13/10 Remove TIW valve from tbg. Open BOP rams. POOH w/ 302 jts- 2 3/8" N-80 4.7# EUE 8rd tubing. Continue to POOH & LD 10 jts- 2 3/8" N-80 4.7# EUE 8rd tubing on pipe racks. LD 2 3/8" x 4' Perforated tubing sub (bullplugged). MIRU JSI electricline truck to jet perforate Bone Springs formation. PU & RIH w/ CCL/ 3 1/8" slickgun. Correlate gun on depth w/ CBL/Schlumberger open hole log and perforate at the following depths shooting 2 spf making 32 holes: 9415', 9416', 9417', 9418', 9419', 9422', 9423', 9426', 9427', 9428', 9520', 9521', 9522', 9523', 9524' and 9525'. POOH w/ shot guns. LD lubricator. RDMO JSI electricline truck. PU & RIH w/ 2 3/8" x 5 1/2" AS 1x pkr w/ 1.81" F profile in On/Off tool, 2 3/8" API SSN, 294 jts- 2 3/8" N-80 4.7# EUE 8rd tubing. Set pkr @ 9332' in 15k compression. Put TIW valve in tubing. Close BOP rams. SDFN. Will test pkr set w/ truck in the AM before having Frac Tech breakdown perfs w/ acid.

Current Operation: Test packer

01/14/10 MIRU Frac Tech to breakdn perfs w/ 15% NEFE acid and 7/8" 1.3 sp gr ball sealers for diversion. Had TRM pump truck hold 500# on csg while acidizing. Tested line to 7000#. Start pumping 2% KCL wtr to breakdown perfs. Broke @ 3251#. Start pumping 500 gals (12 Bbls) 15% NEFE HCL acid @ 4.2 bpm w/ 4103# tbg pressure dropping (7) 7/8" 1.3 sp gr ball sealers. Continue to pump 250 gals (6 Bbls) acid dropping (7) balls. Continue same schedule until 48 balls dropped. Pumped 500 gals (12 Bbls) acid behind last ball drop and flushed to btm perf w/ 40 Bbls 2% KCL wtr w/ .5 gpt ClayMaster 5C. Saw good ball action throughout job and balled out on last set of balls. Had to surge balls. SD. ISDP @ 1950#. 5 min- 1939#, 10 min- 1892#, 15 min- 1869#. Treating pressures: MAX- 6180#, MIN- 4102#, AVG- 4150#. Injection rates: Treating fluid- 4.2 bpm, Flush- 4 bpm. Have a total of 102 Bbls load to recover. Left well SI for 1.5 hrs to let acid spend. Open well w/ 1650# tbg pressure @ 10:10 AM on 12/64" choke to start flowing back to frac tank. Flowed 16 Bbls wtr in 1 hr w/ tbg pressure falling to 0#. RU to swab 2 3/8" tbg to frac tank. Made 16 swab runs bringing back 102 Bbls wtr pulling last run from profile nipple. Flowed/swabbed total of 118 Bbls today. Released pkr @ 2:30 PM to swab csg annulus FL dn. SDFN. Will swab again in the AM. Left well open overnight to flow to frac tank to maximize fluid entry into wellbore.

Current Operation: Swab well back after acid job, POOH w/tbg. & pkr, ND BOP & NU Frac valve.

Nearburg Producing Company

TIGHT HOLE-PLEASE DO NOT RELEASE ANY INFORMATION ON THIS WELL

Jade 34 Federal Com #1

1,980' FSL and 1,150' FEL, Section 34, T19S, R33E

Morrow

Lea County, New Mexico

** ALL COSTS ARE FIELD ESTIMATES **

01/15/10 RU to swab 2 3/8" tbg (pkr released and swabbing csg annulus). IFL @ 3800' FS. Made 12 swab runs bringing back 62 Bbls wtr. FFL @ 8300' FS. Pkr already released. RD swab line. RIH w/ 8 jts- 2 3/8" N-80 4.7# EUE 8rd tubing w/ EOT @ 9562' to knock off any ball sealers that may be stuck in perforations. POOH standing back 302 jts- 2 3/8" N-80 4.7# EUE 8rd tubing in derrick. LD 2 3/8" API SSN, 2 3/8" x 5 1/2" AS 1x pkr w/ 1.81" F profile in On/Off tool. ND BOP & NU Stinger 6" Frac valve on wellhead. Had RWI roustabout crew hookup flowback choke to flowback tank on top of frac valve. SI well. SDFN. Had Malone backhoe & trailer haul 2 3/8" tbg on racks to yard. Will have Frac Tech frac well dn csg in the AM.

Current Operation: RU Frac Tech to frac well dn csg.

01/16/10 MIRU Frac Tech pump trucks to frac well dn csg. RU Stinger csg saver on top of frac valve on wellhead. Frac Tech tested lines to 7200#. Csg on vacuum. Start pumping 1,000 gals (24 Bbls) 15% NEFE HCL acid ahead of pad @ 30 bpm w/ 47# csg pressure. Csg loaded w/ 167 Bbls pumped (7000'). Staged to 22,218 gals (529 Bbls) 18# Turquoise 1 as pad @ 31 bpm w/ 3022# csg pressure. The 18# Turquoise 1 pad consisted of fresh water and following chemicals: (4.00 gpt HVG01 Gel, 1.00 gpt NE-100, .50 gpt ICI-3240 Biocide, 1.00 gpt KCL, .50 gpt Enzyme Breaker, 1.00 gpt Borate X-linker, 1.00 gpt PH buffer). The following is a breakdown of proppants pumped:

Csg Psi	Bbls Pumped	BPM	Description
3826#	239	45.1	(9,289#) 1.0# (ppg) resin coated sand w/ act.
3586#	241	44.9	(18,722#) 2.0# (ppg) resin coated sand w/ act.
3410#	240	51.9	(27,970#) 3.0# (ppg) resin coated sand w/ act.
3527#	285	50.1	(44,344#) 4.0# (ppg) resin coated sand w/ act.
3586#	54	41	18# Linear Gel
3445#	60	45.4	15% HCL acid
3826#	154	46.1	18# Linear Gel Flush

SD. Had 4067# csg psi and pumped 1825 Bbls into lower perfs from 9415'- 9525'. Put 100,325# Super LC 20/40 sand into perfs. Had Stinger sting out of frac valve & shut well in. RU JSI electricline truck w/ 5000# lubricator to RIH w/ CCL/5 1/2" Composite Flow-through Frac plug (Halliburton)/3 1/8" csg gun. Correlate Composite flow-thru plug to Schlumberger open hole log w/ CBL/CCL and set @ 9350'. PUH w/ 3 1/8" csg gun & jet perforate after correlating on depth at 2 spf w/ 120 degree phasing making 8 holes at

Nearburg Producing Company

TIGHT HOLE-PLEASE DO NOT RELEASE ANY INFORMATION ON THIS WELL

Jade 34 Federal Com #1

1,980' FSL and 1,150' FEL, Section 34, T19S, R33E

Morrow

Lea County, New Mexico

**** ALL COSTS ARE FIELD ESTIMATES ****

01/16/10 cont. (9291', 9292', 9294', 9295'). POOH w/ shot gun & Baker setting tool. RIH w/ CCL/3 1/8" csg gun correlate on depth & perforate 2 spf w/ 120 degree phasing making 14 holes at (9216', 9217', 9220', 9221', 9225', 9226', 9229'). POOH w/ shot gun. RIH w/ CCL/3 1/8" csg gun correlate on depth & perforate 2 spf w/ 120 degree phasing making 16 holes at (9149', 9153', 9154', 9155', 9156', 9157', 9158' and 9159'). POOH w/ shot gun. Upper Bone Springs has a total of 38 holes. ISDP after fracing lower perfs was 2550# w/ a frac gradient of .71. After setting plug and perforating upper perfs had 1800# csg pressure. SI frac valve. LD 5000# lubricator. RDMO JSI electricline truck. Had Stinger sting back into well w/ stimulation tool. Had Frac Tech hookup lines to wellhead. The following is a breakdown of the 2nd stage frac and proppants pumped:

Csg Psi	Bbls Pumpec	BPM	Description
3063#	190	26.3	18# Linear Gel
3978#	119	45.1	15% HCL acid
3979#	714	53.6	18# Turquoise 1 fluid
4038#	355	53.3	1.0# (ppg) resin coated sand w/ act.
3703#	355	52.9	(15,363#) 2.0# (ppg) resin coated sand w/ act.
3621#	363	52.9	(30,682#) 3.0# (ppg) resin coated sand w/ act.
3638#	330	52.3	(47,101#) 4.0# (ppg) resin coated sand w/ act.
3832#	210	52.7	(57,129#) 18# Linear Gel Flush

01/16/10 cont SD. ISDP @ 4689#. 5 min- 2746#, 10 min- 2641#, 15 min- 2594#. Treating Pressure: MAX- 4120#, MIN- 2101#, AVG- 3558#. Treating Rate: MAX- 61 bpm, MIN- 9.8 bpm, AVG- 44.6 bpm. Frac gradient on upper perfs @ .78 psi/ft. Pumped 2636 Bbls into upper perfs from 9149'- 9295'. Put 150,275# Super LC 20/40 sand into perfs. Put a total of 250,600# sand into zone. Have 4465 Bbls load wtr to recover. Had Stinger sting out and RDMO. Left well SI overnight to let resin set. Will have Pro flow well back in the AM.

Current Operation: Flow well back to frac tank after Frac Tech-frac job.

Nearburg Producing Company

TIGHT HOLE-PLEASE DO NOT RELEASE ANY INFORMATION ON THIS WELL

Jade 34 Federal Com #1

1,980' FSL and 1,150' FEL, Section 34, T19S, R33E

Morrow

Lea County, New Mexico

**** ALL COSTS ARE FIELD ESTIMATES ****

01/17/10 Started flowing well back @ 8:00 AM on 1-17-10 (Sunday morning after frac on Saturday). Opened csg w/ 2000# to flow well back @ 20 bph to frac tank. The following is a breakdown of the flowback results: (Have a total of 4465 Bbls load to recover after frac).

Time	Csg psi	Choke size	Gauge	Bbls flowed/hr	Remarks
8:00 AM	2000#	10/64"	2'-1" (70)	0	Opened well to frac tank
9:00	1900#	11/64"		20	Opened choke to 11/64"
10:00	1800#	11/64"		20	Opened choke to 12/64"
11:00	1700#	12/64"		20	
12:00 noon	1600#	12/64"		20	
1:00 PM	1500#	13/64"		35	rocking choke
2:00	1350#	13/64"		22	Opened choke to 13/64"
3:00	1320#	13/64"		22	
4:00	1310#	13/64"		22	Hauled 130 Bbls to dispos:
5:00	1300#	13/64"		22	
6:00	1200#	13/64"		22	
7:00	1200#	13/64"		20	

From 8:00 AM 1-17-2010 to 7:00 PM the well flowed back 245 Bbls wtr & csg psi fell to 1200#. Well flowed back a total of 245 Bbls in 11 hrs. Still have 4220 Bbls load to recover. Will have Pro flowback hand flow well to frac tank overnight.

Current Operation: Flow well back to frac tank.

Nearburg Producing Company

TIGHT HOLE-PLEASE DO NOT RELEASE ANY INFORMATION ON THIS WELL

Jade 34 Federal Com #1

1,980' FSL and 1,150' FEL, Section 34, T19S, R33E

Morrow

Lea County, New Mexico

**** ALL COSTS ARE FIELD ESTIMATES ****

01/18/10 Well flowed back 267 Bbls from 7:00 PM on 1-17-10 to 6:00 AM 1-18-2010. Have 0# csg pressure flowing well back @ 8 bph to frac tank. The following is a breakdown of the flowback results: (Total of 4465 Bbls load to recover after frac).

	Time	Csg psi	Choke size	Gauge	Bbls flowed/hr	Remarks
1-17	8:00 PM	1300#	10/64"	3'- 2.5" (130)	20	
Sun	9:00	1200#	10/64"	3'- 6.5" (150)	20	
	10:00	1200#	10/64"	3'- 11" (170)	20	
	11:00	1100#	10/64"	4'- 3" (190)	20	
	12:00 AM	1000#	10/64"	4'- 7" (210)	20	
	1:00	900#	10/64"	4'- 11" (229)	19	
	2:00	800#	10/64"	5'- 3" (250)	21	
	3:00	700#	10/64"	5'- 8" (275)	25	
	4:00	600#	14/64"	6'- 3" (310)	35	
01/18/10	5:00	500#	16/64"	7'- 1" (359)	49	
cont	6:00	400#	18/64"	7'- 4.5" (377)	18	
1-18	7:00	300#	18/64"	7'- 6" (382)	5	
Mon	8:00	200#	18/64"	5'- 7.5" (272)	20	
	9:00	160#	20/64"	2'- 9.5" (107)	20	
	10:00	100#	20/64"	3'- 1.5" (123)	16	
	11:00	40#	24/64"	3'- 6.5" (147)	24	
	12:00 PM	10#	24/64"	1'- 7.5" (49)	22	
	1:00	0# full open	48/64"	2'- 0" (66)	17	
	2:00	0# full open	48/64"	2'- 2.5" (77)	11	
	3:00	0# full open	48/64"	2'- 4.5" (85)	8	

From 7:00 AM 1-18-2010 to 3:00 PM the well flowed back 143 Bbls wtr & csg psi fell to 0#. Well flowed back a total of 655 Bbls in 31 hrs. Still have 3810 Bbls load to recover. MIRU Lucky Rental reverse unit to DO Composition Flow through frac plug. Had TRM vac truck bring 100 Bbls 2% KCL wtr and put in reverse pit to circulate with. ND Stinger 6" frac valve & NU BOP. PU & RIH w/ 4 5/8" drill bit, x-over bit sub, (6) 3 1/2" drill collars, x-over sub, 2 jts- 2 3/8" N-80 4.7# EUE 8rd tubing. Put TIW valve in tbg. Close BOP rams. Open csg into frac tank overnight. TRM vac truck pulled 10 Bbls more wtr from well while RIH w/ drill collars bringing the total left to recover to 3800 Bbls. Will finish RIH w/ tbg & DO composite flow through frac plug in the AM. Current Operation: Finish RIH w/bit & tbg to DO Composition Flow through frac plug.

TIGHT HOLE-PLEASE DO NOT RELEASE ANY INFORMATION ON THIS WELL

Jade 34 Federal Com #1

1,980' FSL and 1,150' FEL, Section 34, T19S, R33E

Morrow

Lea County, New Mexico

**** ALL COSTS ARE FIELD ESTIMATES ****

01/19/10 Well flowed back 77 Bbls from 5:00 PM on 1-18-10 to 7:00 AM 1-19-2010. Remove TIW valve from tbg. Open BOP rams. RIH w/ 286 jts- 2 3/8" N-80 4.7# EUE 8rd tubing. Tagged TOF 22' in on jt #287 @ 9278' by tbg tally. PU swivel on jt #287. Break circulation w/ 2% KCL wtr by pumping dn csg & up tbg. CO sand picking up a total of 4 jts- 2 3/8" tbg to 9350'. DO Composite flow-through frac plug @ 9350' in 20 minutes w/ 4000# weight on bit. Reverse circulate well for 30 minutes til clean to reverse pit. RIH w/ 12 jts- 2 3/8" N-80 4.7# EUE 8rd tubing and tag 2' in on jt #302 @ 9732' by tbg tally. POOH & LD 5 jts- 2 3/8" N-80 tbg on ground. Continue to POOH standing back 16 jts- 2 3/8" N-80 4.7# EUE 8rd tubing leaving EOT @ 8898' (above top perf). The wind was blowing most of the day, but started blowing too hard to continue working safely. Had TRM vac truck fill reverse pit up w/ 2% KCL wtr. Tied csg into flowline to frac tank & left open overnight. Put TIW valve on tubing. SDFN. Will RIH w/ tbg to TOF (sand) @ 9732' to CO to TOC above CIBP covering DV tool (9947' TOC). Have 3723 Bbls load wtr left to recover.

Current Operation: RIH w/tbg to CO sand to TOC above CIBP covering DV tool.

01/20/10 Well flowed back 77 Bbls from 5:00 PM on 1-18-10 to 7:00 AM 1-19-2010. Remove TIW valve from tbg. Open BOP rams. RIH w/ 286 jts- 2 3/8" N-80 4.7# EUE 8rd tubing. Tagged TOF 22' in on jt #287 @ 9278' by tbg tally. PU swivel on jt #287. Break circulation w/ 2% KCL wtr by pumping dn csg & up tbg. CO sand picking up a total of 4 jts- 2 3/8" tbg to 9350'. DO Composite flow-through frac plug @ 9350' in 20 minutes w/ 4000# weight on bit. Reverse circulate well for 30 minutes til clean to reverse pit. RIH w/ 12 jts- 2 3/8" N-80 4.7# EUE 8rd tubing and tag 2' in on jt #302 @ 9732' by tbg tally. POOH & LD 5 jts- 2 3/8" N-80 tbg on ground. Continue to POOH standing back 16 jts- 2 3/8" N-80 4.7# EUE 8rd tubing leaving EOT @ 8898' (above top perf). The wind was blowing most of the day, but started blowing too hard to continue working safely. Had TRM vac truck fill reverse pit up w/ 2% KCL wtr. Tied csg into flowline to frac tank & left open overnight. Put TIW valve on tubing. SDFN. Will RIH-w/tbg-to-TOF-(sand)-@ 9732' to CO to TOC above CIBP covering DV tool (9947' TOC). Have 3723 Bbls load wtr left to recover.

Current Operation: RIH w/tbg.

TIGHT HOLE-PLEASE DO NOT RELEASE ANY INFORMATION ON THIS WELL

Jade 34 Federal Com #1

1,980' FSL and 1,150' FEL, Section 34, T19S, R33E

Morrow

Lea County, New Mexico

**** ALL COSTS ARE FIELD ESTIMATES ****

01/21/10 Well flowed back 30 Bbls from 2:45 PM on 1-20-10 to 7:00 AM 1-21-2010. Remove TIW valve from tbg. Open BOP rams. PU & RIH w/ 20 jts- 2 3/8" N-80 4.7# EUE 8rd tubing & tagged TOC @ 9947' (where we circulated from yesterday - no fill overnight). POOH & LD 2 jts- 2 3/8" N-80 tbg on ground. Continue to POOH standing back 306 jts- 2 3/8" N-80 4.7# EUE 8rd tubing in derrick. POOH & LD (6) 3 1/2" drill collars, x-over bit sub, 4 5/8" drill bit. Had TRM vac truck pull free flowing wtr from csg while POOH & RIH w/ tbg. Had Weatherford deliver (244) 3/4" x 25' T-66 rods w/ FHTC, (24) 7/8" x 25' T-66 rods w/ SHTC, (12) 1 3/8" x 25' Grade C sinker bars w/ 3/4" pins & FHTC, (5) 7/8" x 2' x 2' x 4' x 6' x 8' T-66 pony rod subs w/ SHTC, (20) 7/8" SHTC, (1) 3/4" x 7/8" x-over cplg, (1) 7/8" PR coupling. Had Tuboscope deliver (110) 7/8" x 25' T-66 rods, (90) 7/8" SHTC all from our inventory. Set all rods by wellhead to PU & RIH. RIH w/ 2 jts- 2 3/8" N-80 4.7# EUE 8rd tubing (open ended as tail pipe), new 2 3/8" Slotted Seat Nipple, new 2 3/8" API Standard Seat Nipple, 18 jts- 2 3/8" N-80 4.7# EUE 8rd tubing, new 2 3/8" x 5 1/2" TAC w/ 35,000# shear, 286 jts- 2 3/8" N-80 4.7# EUE 8rd tubing. ND BOP. Set TAC @ 9076' in 14,000# tension. NU WH. PU & RIH w/ 2" x 1 1/4" x 26' RHBC HVR pump w/ HW SCID Bbl (-.001"), 1 1/4" x 6' SM plngr (-.004"), DV T/C b&s, 1' LS & SRG w/ 1" x 16' gas anchor, 3/4" backoff tool (right hand release), (12) 1 3/8" x 25' Grade C sinker bars w/ 3/4" pins & FHTC, (62) 3/4" x 25' T-66 rods w/ FHTC. PU 1 1/4" x 26' PR w/ 1 1/2" x 16' PRL & stuffing box to hang well off. Tie csg into flowline to frac tank and leave open overnight. SDFN. Will finish RIH w/ pump & rods in the AM. Have 3668 Bbls load wtr left to recover.

Current Operation: RIH w/pump and rods

01/22/10 Well flowed back 0 Bbls from 5:45 PM on 1-21-10 to 7:00 AM 1-22-2010. POOH & LD 1 1/4" x 26' PR w/ 1 1/2" x 16' PRL & stuffing box. PU & RIH w/ (182) 3/4" x 25' T-66 rods w/ FHTC (total of 244 new 3/4" rods), (16) reconditioned 7/8" x 25' T-66 rods w/ SHTC. The wind started blowing too hard to continue to PU rods. PU 1 1/4" x 26' PR w/ 1 1/2" x 16' PRL & stuffing box. Open csg into frac tank over the weekend. SDFW. Will finish RIH w/ rods on Monday AM.

Current Operation: Finish RIH w/ rods

Nearburg Producing Company

TIGHT HOLE-PLEASE DO NOT RELEASE ANY INFORMATION ON THIS WELL

Jade 34 Federal Com #1

1,980' FSL and 1,150' FEL, Section 34, T19S, R33E

Morrow

Lea County, New Mexico

**** ALL COSTS ARE FIELD ESTIMATES ****

01/25/10 Well flowed back 0 Bbls from 12:45 PM on 1-22-10 to 7:00 AM 1-25-2010. POOH & LD 1 1/4" x 26' PR w/ 1 1/2" x 16' PRL & stuffing box. PU & RIH w/ (88) reconditioned 7/8" x 25' T-66 rods w/ SHTC (104 total), (21) new 7/8" x 25' T-66 rods w/ SHTC, (3) 7/8" x 8' x 6' x 4' T-66 pony rod subs w/ SHTC, 1 1/4" x 26' PR w/ 1 1/2" x 16' PRL. Space pump 30" off btm. Had Banta deliver Lufkin 912 pumping unit from yard to location & set. Hang well on. Had pulling unit long stroke pump to test tbg to 500#. Held good pressure. Had good pump action. Had RWI roustabout crew build wellhead and tie flowline into frac tank (no heater treater on location yet). RDMO Lucky Services pulling unit. SDFN. Will set electric panel and hookup motor in the morning. Have Glenn's bringing generator to power pumping unit in the AM.

Current Operation: Put well on production.

01/26/10 Had backhoe dig hole to set electric panel for pumping unit. Hook up panel to motor. Had Glenn's deliver generator to location. Hooked up generator to panel. Started well pumping @ 10:00 AM @ 7 SPM. Well was weight heavy. Had Banta rebalance unit by taking some counter weights off. Had Dean's electric replace heater in panel. Well pumping to frac tank.

Current Operation: Put well on production.