

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

RECEIVED

MAY 11 2010

HOBOCSOCD

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

|  |  |  |
|--|--|--|
| <sup>1</sup> Operator Name and Address<br>Nearburg Producing Company<br>3300 N A St., Bldg 2, Ste 120, Midland, TX 79705 |  | <sup>2</sup> OGRID Number<br>015742      |
|  |  | <sup>3</sup> API Number<br>30- 025-34471 |
| <sup>4</sup> Property Code<br>23540  | <sup>5</sup> Property Name<br>Cuerno 4 State | <sup>6</sup> Well No<br>1                |
| <sup>9</sup> Proposed Pool 1<br>Grama Ridge Undesignated; Morrow East <GAS>  |  | <sup>10</sup> Proposed Pool 2            |

<sup>7</sup>Surface Location

|                   |              |                 |              |         |                      |                           |                       |                        |               |
|-------------------|--------------|-----------------|--------------|---------|----------------------|---------------------------|-----------------------|------------------------|---------------|
| UL or lot no<br>C | Section<br>4 | Township<br>22S | Range<br>35E | Lot 1dn | Feet from the<br>660 | North/South Line<br>North | Feet from the<br>1750 | East/West line<br>West | County<br>Lea |
|-------------------|--------------|-----------------|--------------|---------|----------------------|---------------------------|-----------------------|------------------------|---------------|

<sup>8</sup>Proposed Bottom Hole Location If Different From Surface

|              |         |          |       |         |               |                  |               |                |        |
|--------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no | Section | Township | Range | Lot 1dn | Feet from the | North/South Line | Feet from the | East/West line | County |
|--------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|

Additional Well Location

|  |                                       |  |                                    |  |
|--|---------------------------------------|--|------------------------------------|--|
| <sup>11</sup> Work Type Code<br>re-establish morrow pro  | <sup>12</sup> Well Type Code<br>G     | <sup>13</sup> Cable/Rotary<br>R        | <sup>14</sup> Lease Type Code<br>S | <sup>15</sup> Ground Level Elevation<br>3607 |
| <sup>16</sup> Multiple<br>Yes  | <sup>17</sup> Proposed Depth<br>13190 | <sup>18</sup> Formation<br>Morrow      | <sup>19</sup> Contractor<br>Lucky  | <sup>20</sup> Spud Date<br>6/1/10            |
| Depth to ground water  |                                       | Distance from nearest fresh water well |                                    | Distance from nearest surface water          |
| Pit. Liner Synthetic <input type="checkbox"/> mls thick Clay <input type="checkbox"/> Pit Volume _____ bbls Drilling Method:<br>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"/> |                                       |  |                                    |  |

<sup>21</sup>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                 | 1208          | 930             | Surface       |
| 12-1/4              | 9-5/8       | 36 & 40            | 5600          | 2400            |               |
| 8-3/4               | 7           | 23, 26 & 29        | 11840         | 1870            | 5000          |
| 6-1/8               | 4-1/2       | 13.5               | 113175        | 152             |               |
| all csg is existing |             |                    |               |                 |               |

<sup>22</sup> 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 move back to the Morrow formation and re-establish production per the attached procedure.

Permit Expires 2 Years From Approval  
Date Unless Drilling Underway  
Plugback

|   |                     |  |  |
|---|---------------------|--|--|
| <sup>23</sup> 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"/> .<br>Signature: <i>[Signature]</i> |                     | OIL CONSERVATION DIVISION                                    |  |
| Printed name: Sarah Jordan  |                     | Approved by: <i>[Signature]</i>                              |  |
| Title: Production Analyst   |                     | Title: PETROLEUM ENGINEER                                    |  |
| E-mail Address: sjordan@nearburg.com  |                     | Approval Date: JUN - 9 2010 Expiration Date:                 |  |
| Date: 5.10.09   | Phone: 432/818-2950 | Conditions of Approval:<br>Attached <input type="checkbox"/> |  |

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                                   |  |   |
|-----------------------------------|--|---|
| API Number<br><b>30-025-34471</b> | Pool Code<br><b>77690</b>                          | Pool Name<br><b>Grama Ridge Morrow East</b> |
| Property Code<br><b>23540</b>     | Property Name<br><b>CUERNO 4 STATE</b>             | Well Number<br><b>1</b>                     |
| OGRID No.<br><b>015742</b>        | Operator Name<br><b>NEARBURG PRODUCING COMPANY</b> | Elevation<br><b>3607</b>                    |

Surface Location

|                               |                     |                         |                      |         |                             |                                  |                              |                               |                      |
|-------------------------------|---------------------|-------------------------|----------------------|---------|-----------------------------|----------------------------------|------------------------------|-------------------------------|----------------------|
| UL or lot No.<br><b>LOT 3</b> | Section<br><b>4</b> | Township<br><b>22 S</b> | Range<br><b>35 E</b> | Lot Idn | Feet from the<br><b>660</b> | North/South line<br><b>NORTH</b> | Feet from the<br><b>1750</b> | East/West line<br><b>WEST</b> | County<br><b>LEA</b> |
|-------------------------------|---------------------|-------------------------|----------------------|---------|-----------------------------|----------------------------------|------------------------------|-------------------------------|----------------------|

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<br><b>327.4</b> | Joint or Infill<br><b>N</b> | Consolidation Code | Order No. |         |               |                  |               |                |        |

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

|   |       |       |       |
|---|-------|-------|-------|
| LOT 4   | LOT 3 | LOT 2 | LOT 1 |
|   |       |       |       |
| <b>OPERATOR CERTIFICATION</b><br>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.<br><br><br>Signature<br><b>H. R. Willis</b><br>Printed Name<br><b>Drilling Supt.</b><br>Title<br><b>7/23/98</b><br>Date   |       |       |       |
| <b>SURVEYOR CERTIFICATION</b><br>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.<br><br><b>JULY 15, 1998</b><br>Date Surveyed<br><br>Signature<br><b>RONALD E. DONALD</b><br>Printed Name<br><b>7-21-98</b><br>Date<br><br>Professional Surveyor<br><b>RONALD E. DONALD</b><br>Printed Name<br><b>3239</b><br>No.<br><b>12641</b><br>Exp.<br><b>12185</b> |       |       |       |

**Cuerno "4" State #1**

**RECOMMENDED PROCEDURE:**

- 1) MIRU PU. ND Wellhead and NU BOP.
- 2) POH with rods and tbg.
- 3) RIH with RBP retrieving tool and tbg to 11,400. Wash sand off of RBP (use 7% KCL with, Claymaster for circulating and washing) latch onto and unseat RBP. POH with tbg and RBP.
- 4) RIH with tbg to 12,450. Wash sand off of pkr. (use 7% KCL with, Claymaster for circulating and washing) Latch onto pkr.
- 5) ND BOP and NU wellhead.
- 6) Retrieve plug from profile nipple.
- 7) Swab well in and return to production.

# CURRENT WELLBORE DIAGRAM

|                                      |                  |  |                               |
|--------------------------------------|------------------|--|-------------------------------|
| LEASE: <u>Cuerno "4" State #1</u>    | WELL: <u>#1</u>  | FIELD: <u>Gramma Ridge Morrow East</u> | API: <u>30-025-34471</u>      |
| LOC: <u>660' FNL &amp; 1750' FWL</u> | SEC: <u>4</u>    | BLK: <u></u>                           | Reservoir: <u>Morrow</u>      |
| SVY: <u>T22S R35E</u>                | GL: <u>3607'</u> | CTY/ST: <u>Lea / NM</u>                | SPUD: <u>8/31/1998</u>        |
| CURRENT STATUS: <u>Producing</u>     | KB: <u>3624</u>  | DF: <u>3623</u>                        | TD DATE: <u>10/23/1998</u>    |
|                                      |                  |  | COMP. DATE: <u>12/21/1998</u> |

FRESH WATER  
DEPTH:

HOLE SIZE: 17.5"  
SURF CSG & SIZE: 13-3/8" 48#  
SET @: 1208'  
SXS CMT: 930 sx  
CIRC: yes: 410 sx  
TOC AT:  
TOC BY:

COMMENTS:

HOLE SIZE: 12.25"  
INT. CSG & SIZE: 9-5/8" 36 & 40#  
SET @: 5600'  
SXS CMT: 2400 sx  
CIRC: no  
TOC AT: 2620' 1" cmt from 1. Bone Springs: 8046'  
TOC BY:

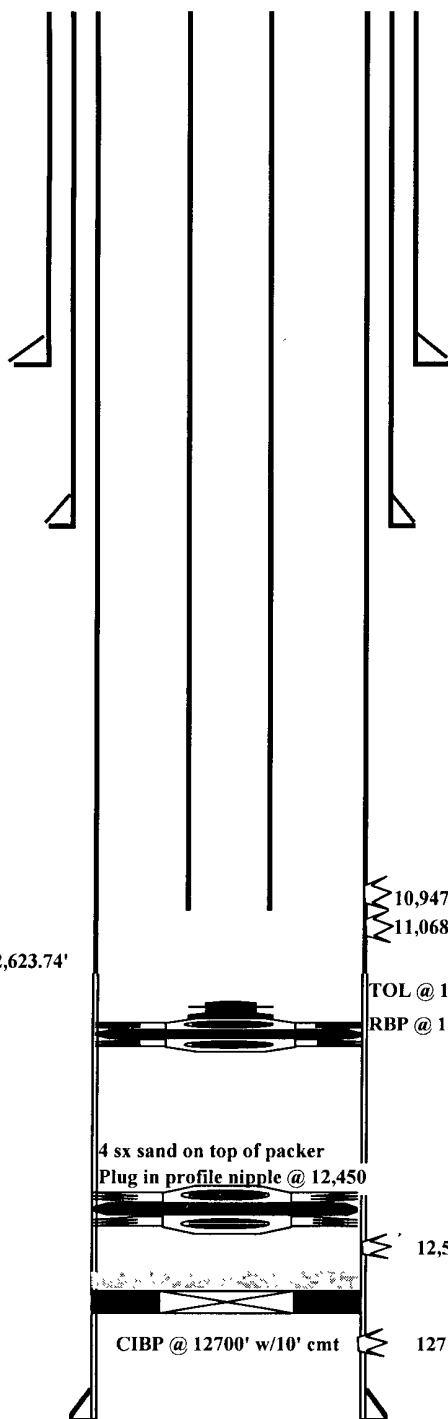
## \*\*\*\*\*GEOLOGY\*\*\*\*\*

TOPS OF ALL ZONES  
PRODUCTIVE OF HYDRO-  
CARBONS:  
Yates: 3832'  
Delaware: 5625'  
Wolfcamp: 10812'  
Strawn: 11420'  
Atoka: 11875'  
Morrow: 12000'  
CURRENT PERFS:

TBG:  
JTS:  
SN:  
TAC:  
ROD SIZE:

PKR: PLS 10K @ 12,623.74'  
TYPE:

OH ID:  
COTD:  
PBTD: 12690  
TD: 13175'



10,947-10,984  
11,068-11,110' Wolfcamp  
TOL @ 11,494'  
RBP @ 11,400 w/3 sx sand on top

HOLE SIZE: 8-3/4"  
PROD. CSG & SIZE: 7" 23,26 & 29#  
SET @: 11840'  
SXS CMT: 1870 sx  
CIRC: no:  
TOC AT: 5000'  
TOC BY: TS

HOLE SIZE: 6-1/8"  
LINER SIZE: 4.5" 13.5#  
SET @: 13,175'  
SXS CMT: 152 sx 50/50 Poz H  
CIRC:  
TOC AT:  
TOC BY:

Top @: 11,494'

BY:  
5/10/2010

OPEN HOLE:

# PROPOSED WELLBORE DIAGRAM

Grama Ridge Morrow East

|                            |           |                           |                        |
|----------------------------|-----------|---------------------------|------------------------|
| LEASE: Cuerno "4" State #1 | WELL: #1  | FIELD: San Simon Wolfcamp | API: 30-025-34471      |
| LOC: 660' FNL & 1750' FWL  | SEC: 4    | BLK: 0                    | Reservoir              |
| SVY: T22S R35E             | GL: 3607' | CTY/ST: Lea / NM          | SPUD: 8/31/1998        |
| CURRENT STATUS: Producing  | KB: 3624  | DF: 3623                  | TD DATE: 10/23/1998    |
|                            |           |                           | COMP. DATE: 12/21/1998 |

FRESH WATER  
DEPTH:

HOLE SIZE: 17.5"  
SURF CSG & SIZE: 13-3/8" 48#  
SET @: 1208'  
SXS CMT: 930 sx  
CIRC: yes: 410 sx  
TOC AT:  
TOC BY:

COMMENTS:

## \*\*\*\*\*GEOLOGY\*\*\*\*\*

TOPS OF ALL ZONES  
PRODUCTIVE OF HYDRO-  
CARBONS:

HOLE SIZE: 12.25"  
INT. CSG & SIZE: 9-5/8" 36 & 40#  
SET @: 5600'  
SXS CMT: 2400 sx  
CIRC: no  
TOC AT: 2620' 1" cmt from 1  
TOC BY:

Yates: 3832'  
Delaware: 5625'  
Bone Springs: 8046'  
Wolfcamp: 10812'  
Strawn: 11420'  
Atoka: 11875'  
Morrow: 12000'

CURRENT PERFS:

TBG: 0  
JTS: 0  
SN: 0  
TAC: 0  
ROD SIZE:

PKR:  
TYPE:

OH ID:  
COTD:  
PBTD: 12690  
TD: 13175'

10,947-10,984  
11,068-11,110' Wolfcamp

TOL @ 11,494'

HOLE SIZE: 8-3/4"  
PROD. CSG & SIZE: 7" 23,26 & 29#  
SET @: 11840'  
SXS CMT: 1870 sx  
CIRC: no:  
TOC AT: 5000'  
TOC BY:

12,552-65'

HOLE SIZE: 6-1/8"  
LINER SIZE: 4.5" 13.5#  
SET @: 13,175'  
SXS CMT: 152 sx  
CIRC:  
TOC AT:  
TOC BY:

12719-26'

CIBP @ 12700' w/10' cmt

Top @: 11,494'

BY:  
5/10/2010

OPEN HOLE: