

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division
1625 N. French Dr.
Hobbs, NM 88240

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993
Lease Designation and Serial No.
LC 069276

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well
Oil Well ☒ Gas Well ☐ Other ☐
2. Name of Operator
Nearburg Producing Company
3. Address and Telephone No.
3300 N A St., Bldg 2, Suite 120, Midland, TX 79705 915/686-8235
4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Unit I, 1980' FSL and 660' FEL, Sec 31, T18S, R33E

6. If Indian, Allottee or Tribe Name
7. If Unit or CA, Agreement Designation
8. Well Name and No.
Gazelle 31 Federal #3
9. API Well No.
30-025-35339
10. Field and Pool, or Exploratory Area
Corbin Morrow, South
11. County or Parish, State
Lea County, New Mexico

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

TYPE OF SUBMISSION

☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☐ Other

☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Nearburg Producing Company respectfully request approval to change casing using drilling fluids requirements per John Simitz to the following:

Size Hole	Casing Size	WT#	Setting Depth
17-1/2"	13-3/8"	48#	400'
11"	8-5/8"	32#	3150'

RECEIVED FOR
GENERAL APPROVAL

14. I hereby certify that the foregoing is true and correct

Signed

Kim Stewart

Title Regulatory Analyst

Date 01/16/01

(This space for Federal or State office use)

Approved by

(ORIG. SGD.) ALEXIS C. SWOBODA

Title

PETROLEUM ENGINEER

Date

JAN 22 2001

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, 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.

*See Instruction on Reverse Side

RECEIVED

JUN 17 '00

SEN
POWELL, MA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

5. LEASE DESIGNATION AND SERIAL NO
LC 069276

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.
Gazelle 31 Federal #3

9. API WELL NO.

10. FIELD AND POOL, OR WILDCAT
Corbin Morrow, South

11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA

Section 31, T18S, R33E

12. COUNTY OR PARISH 13. STATE
Lea New Mexico

17. NO. OF ACRES ASSIGNED
TO THIS WELL
320

20. ROTARY OR CABLE TOOLS
Rotary

22. APPROX. DATE WORK WILL START*
01/15/01

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8" J55	48#	1350' / 375'	800 sx cmt, circ to surface
12-1/4"	9-5/8" J55	36#	3500'	1000 sx cmt, circ to surface
7-7/8"	5-1/2" N80	17# & 20#	13,700'	500 sx cmt

Propose to drill the well to sufficient depth to evaluate the Morrow formation. After reaching TD, logs will be run and casing set if the evaluation is positive. Perforate, test and stimulate as necessary to establish production.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

Acreage dedication 320; S/2 of Section 31

OPER. GRID NO. 15742
PROPERTY NO. 22872
POOL CODE 75080
EFF. DATE 1-11-01
API NO. 30-025-35339

IN ABOVE SPACE DESCRIBE PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Kim Stewart TITLE Regulatory Analyst DATE 12/04/00
(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE

Application approval 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.
CONDITIONS OF APPROVAL, IF ANY:

Acting

APPROVED BY [Signature] TITLE [Signature] DATE [Signature]

*See Instructions On Reverse Side

APPROVED FOR 1 YEAR

Title 18 U.S.C. Section 1001, 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.

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Nearburg Producing Company
3300 North "A" Street, Building 2, Suite 120
Midland, Texas 77905

The undersigned accepts all applicable terms, conditions, stipulations and restrictions covering operations conducted on the leased land or portion thereof, as described below:

Lease No: LC 069276

Legal Description of Land: 1980' FSL & 660' FEL
Section 31, T18S, R33E
Lea County, New Mexico

Formation(s) (if applicable): Morrow

Bond Coverage: \$25,000 statewide bond of Nearburg Producing Company

BLM Bond File No: NM1307

12-4-00
Date

H.R. Willis / KS.
H. R. Willis
Drilling Superintendent

**ATTACHMENT TO FORM 3160-3
GAZELLE 31 FEDERAL #3
SECTION 31, T18S, R33E
LEA COUNTY, NEW MEXICO**

DRILLING PROGRAM

1. GEOLOGIC NAME OF SURFACE FORMATION

Alluvium

2. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS

T/Ruslter	1,310'	Penn. Shale	11,250'
T/Yates	2,930'	T/Strawn	12,000'
T/Queen	4,100'	T/Atoka	12,400'
T/Delaware	5,330'	T/Morrow	12,740'
T/Bone Spring	7,250'	T/Morrow B	13,060'
T/1 st Bone Spring	8,560'	T/Morrow C	13,400'
T/2 nd Bone Spring	9,120'	TD	13,700'
T/3 rd Bone Spring	10,090'		
T/Wolfcamp	10,500'		

3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL, OR GAS

T/1 st Bone Spring	8,560'	Oil
T/Morrow B Sand	13,060'	Gas
T/Morrow C Sand	13,400'	Gas

4. CASING AND CEMENTING PROGRAM

<u>Casing Size</u>	<u>From</u>	<u>To</u>	<u>Weight</u>	<u>Grade</u>	<u>Joint</u>
13-3/8"	0'	1,350'	48#	J55	STC
9-5/8"	0'	3,500'	36#	J55	STC
5-1/2"	3,500'	13,700'	17# & 20#	N80	LTC

Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability.

We plan to drill a 17-1/2" hole to equal 1350'. 13-3/8" casing will be cemented with 800 sx or volume necessary to bring cement back to surface.

11" hole will be drilled to 3500' and 9-5/8" casing will be cemented with 1,000 sx or volume necessary to bring cement back to surface.

7-7/8" hole will be drilled to 13,700' and 5-1/2" production casing will be cemented with approximately 500 sx of Class "H" cement.

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL

The BOP stack will consist of a 5,000 psi working pressure, dual ram type preventer and annular.

A BOP sketch is attached.

6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM

Spud and drill to 1,350' with fresh water mud for surface string. The intermediate section will be drilled with 10 ppg Brine water mud to 3,500'. Intermediate casing will be run at this depth. The production section from 3,500' to 13,700' will be 9 – 9.5 ppg cut Brine/Pac/XCD system with mud weight sufficient to control formation pressures.

7. AUXILLARY WELL CONTROL AND MONITORING EQUIPMENT

None required.

8. LOGGING, TESTING, AND CORING PROGRAM

DLL/CNL/LDT/CAL/GR logging is planned. Drill stem tests, cores and sidewall cores are possible.

9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES & POTENTIAL HAZARDS

None anticipated.

BHP expected to be 4,000 – 5,000 psi.

10. ANTICAPATED STARTING DATE:

Is planned that operations will commence on January 15, 2001 with drilling and completion operation lasting about 45 day.

SURFACE USE AND OPERATIONS PLAN FOR
DRILLING, COMPLETION, AND PRODUCING

NEARBURG PRODUCING COMPANY
GAZELLE 31 FEDERAL #3
SECTION 31-T18S-R33E
LEA COUNTY, NEW MEXICO

LOCATED

11 miles Southeast of Maljamar, New Mexico

OIL & GAS LEASE

LC 069276

RECORD LESSEE

Siegfried J. Iverson et al

BOND COVERAGE

\$25,000 statewide bond of Nearburg Producing Company

ACRES IN LEASE

320 acres

GRAZING LEASE

None

POOL

Corbin Morrow; South (Gas)

EXHIBITS

- A. Area Road Map
- B. Drilling Rig Layout
- C. Vicinity Oil & Gas Map
- D. Topographic & Location Verification Map
- E. Well Location & Acreage Dedication Map

This well will be drilled to a depth of approximately 13,700'.

1. EXISTING ROADS

- A. Exhibit A is a portion of a section map showing the location of the proposed well as staked.
- B. Exhibit C is a plat showing existing roads in the vicinity of the proposed well site.

2. ACCESS ROADS

A. Length and Width

The access road will be built and is shown on Exhibit D.

B. Surface Material

Existing.

C. Maximum Grade

Less than five percent

D. Turnouts

None necessary.

E. Drainage Design

Existing.

F. Culverts

None necessary.

G. Gates and Cattle Guards

None needed.

3. LOCATION OF EXISTING WELLS

Existing wells in the immediate area are shown in Exhibit C.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

Necessary production facilities for this well will be located on the well pad.

5. LOCATION AND TYPE OF WATER SUPPLY

It is not contemplated that a water well will be drilled. Water necessary for drilling will be purchased and hauled to the site over existing roads shown on Exhibit D.

6. METHODS OF HANDLING WASTE DISPOSAL

- A. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- B. Water produced during tests will be disposed of in the drilling pits.
- C. Oil produced during tests will be stored in test tanks.
- D. Trash will be contained in a trash trailer and removed from well site.
- E. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

7. ANCILLARY FACILITIES

None required.

8. WELL SITE LAYOUT

Exhibit B shows the relative location and dimensions of the well pad, mud pits, reserve pit, and trash pit, and the location of major rig components.

9. PLANS FOR RESTORATION OF THE SURFACE

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. The well site will be cleaned of all trash and junk to leave the site in an as aesthetically pleasing condition as possible.
- B. After abandonment, all equipment, trash, and junk will be removed and the site will be clean.

10. OTHER INFORMATION

A. Topography

The land surface at the well site is rolling native grass with a regional slope being to the east.

B. Soil

Topsoil at the well site is sandy soil.

C. Flora and Fauna

The location is in an area sparsely covered with mesquite and range grasses.

D. Ponds and Streams

There are no rivers, lakes, ponds, or streams in the area.

E. Residences and Other Structures

There are no residences within a mile of the proposed well site.

F. Archaeological, Historical, and Cultural Sites

None observed on this area.

G. Land Use

Grazing

H. Surface Ownership

Bureau of Land Management

11. OPERATOR'S REPRESENTATIVE

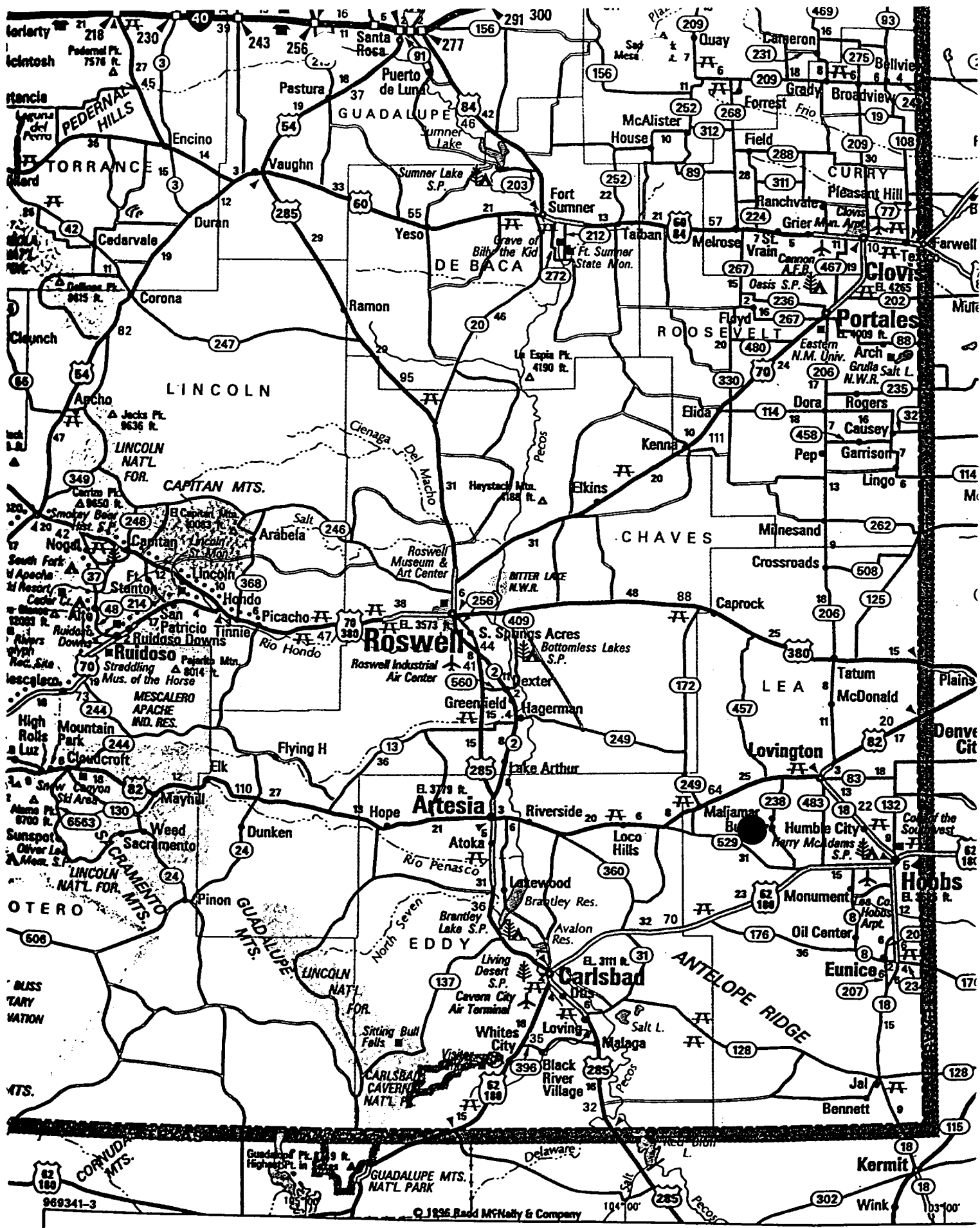
H. R. Willis
3300 North "A" Street, Bldg 2, Suite 120
Midland, Texas 79705
Office: (915) 686-8235
Home: (915) 697-2484

12. CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Nearburg Producing Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

12-4-00
Date

H.R. Willis / KS
H. R. Willis
Drilling Superintendent



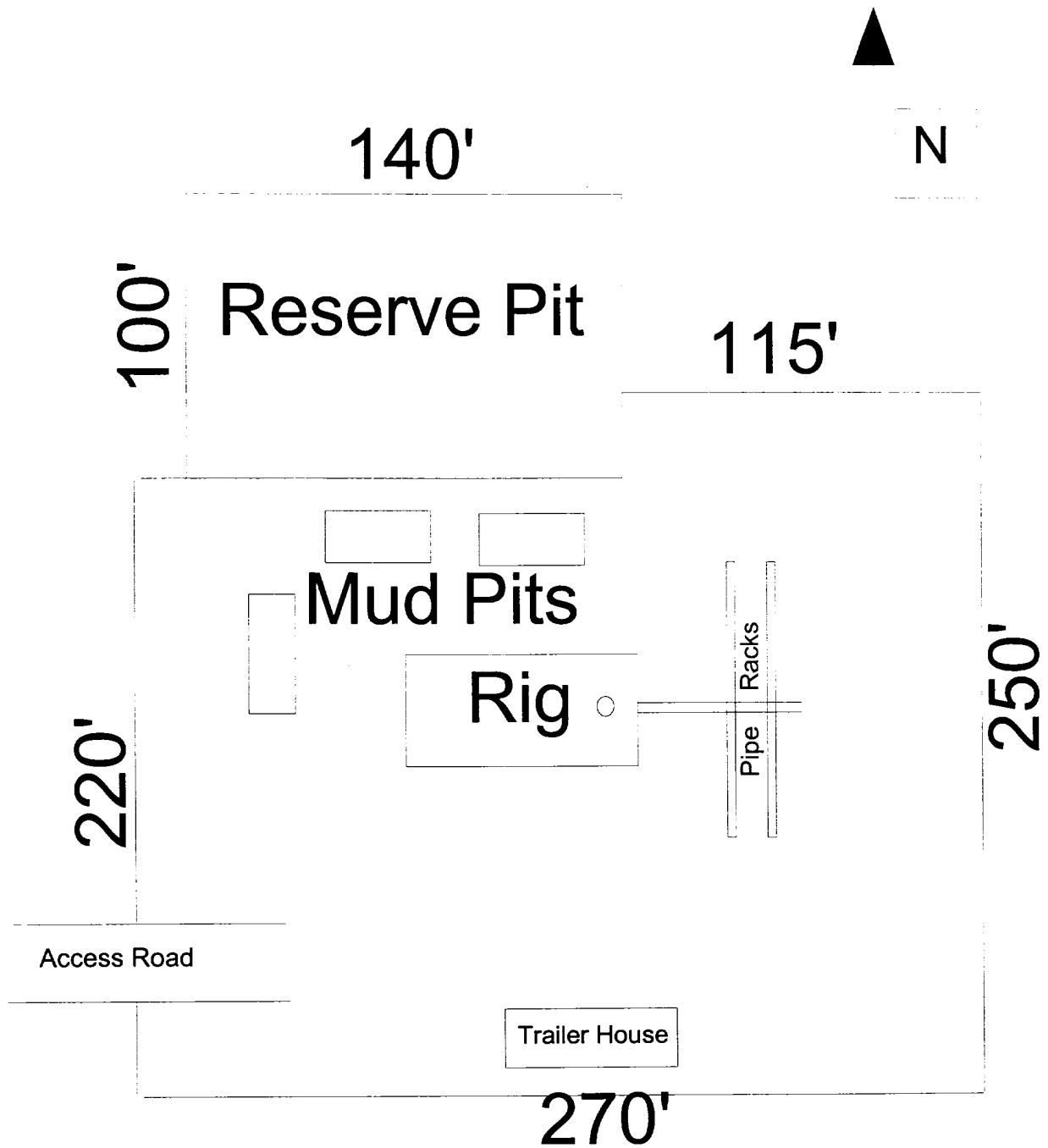
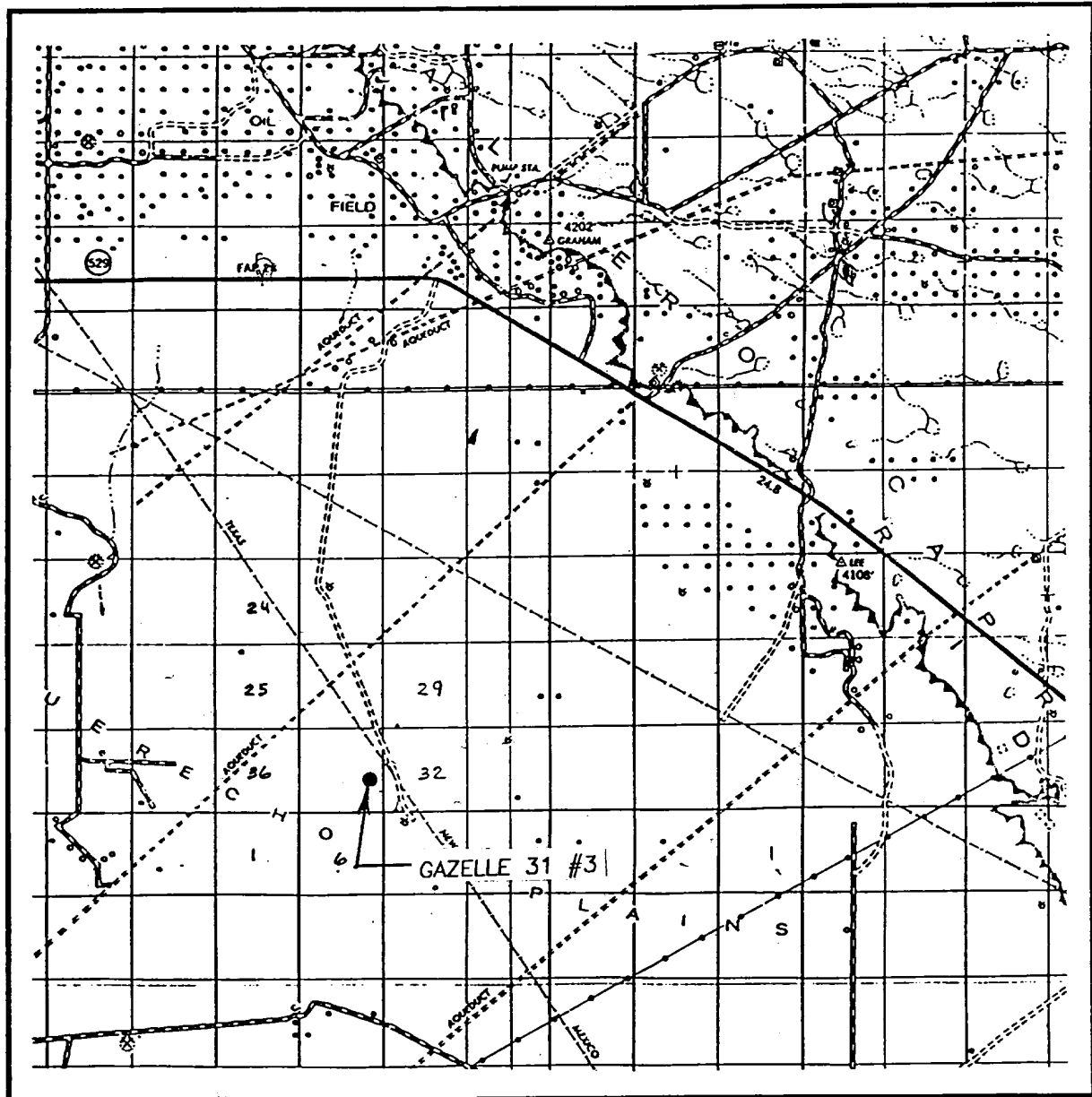


EXHIBIT B
DRILLING RIG LAYOUT
NEARBURG PRODUCING COMPANY
Gazelle 31 Federal #3
SCALE 1" = 50'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 31 TWP. 18-S RGE. 33-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1980' FSL & 660' FEL

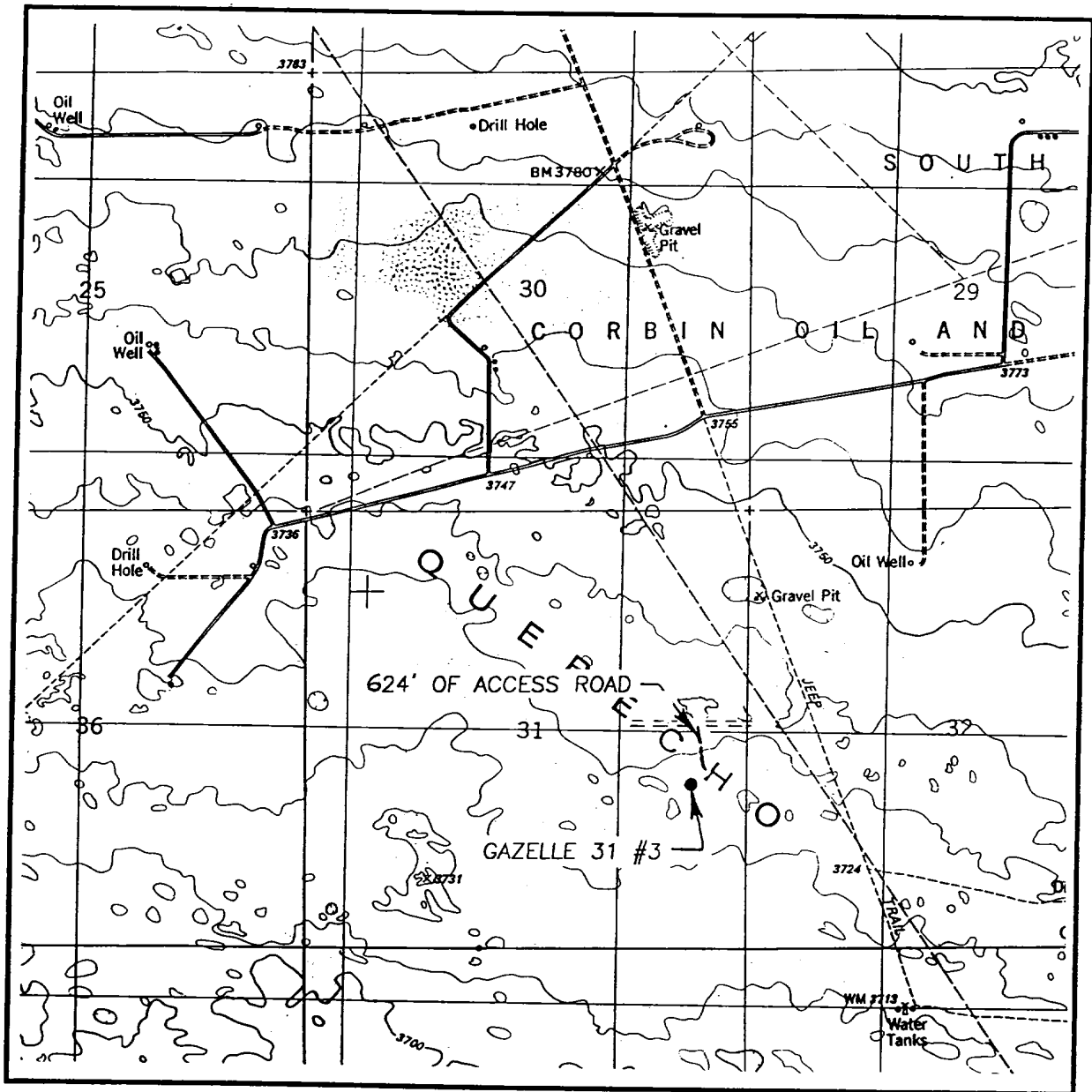
ELEVATION 3726

OPERATOR NEARBURG PRODUCING CO.

LEASE GAZELLE 31

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
LAGUNA GATUNA NW, N.M. - 10'

SEC. 31 TWP. 18-S RGE. 33-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1980' FSL & 660' FEL

ELEVATION 3726

OPERATOR NEARBURG PRODUCING CO.

LEASE GAZELLE 31

U.S.G.S. TOPOGRAPHIC MAP

LAGUNA GATUNA NW, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

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

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

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

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

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

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-35339	Pool Code 75080	Pool Name Corbin Morrow; South (Gas)
Property Code 22872	Property Name GAZELLE 31 FEDERAL	Well Number 3
OGRID No. 015742	Operator Name NEARBURG PRODUCING COMPANY	Elevation 3726

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	31	18 S	33 E		1980	SOUTH	660	EAST	LEA

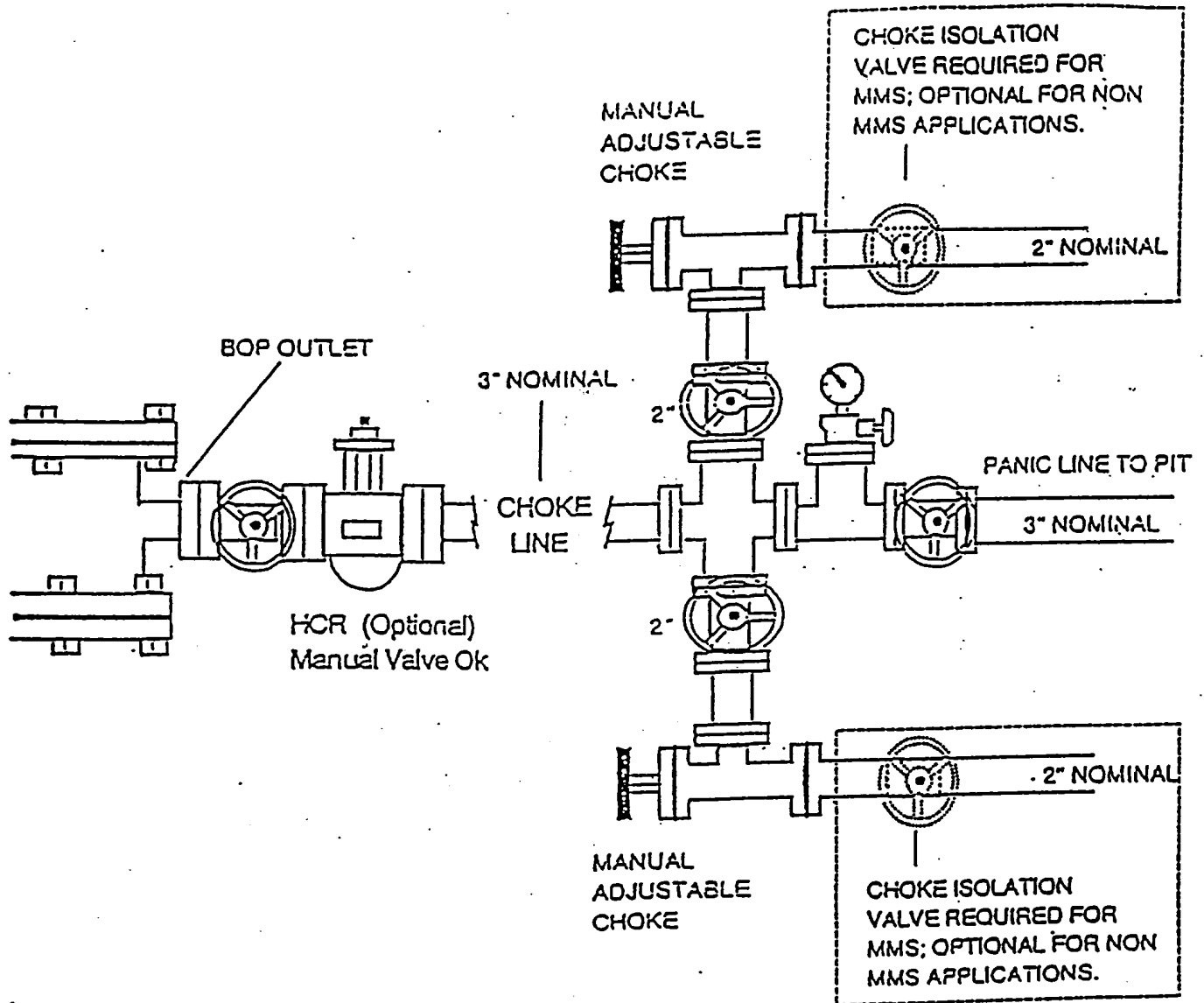
Bottom Hole Location If Different From Surface

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 N	Consolidation Code	Order No.						

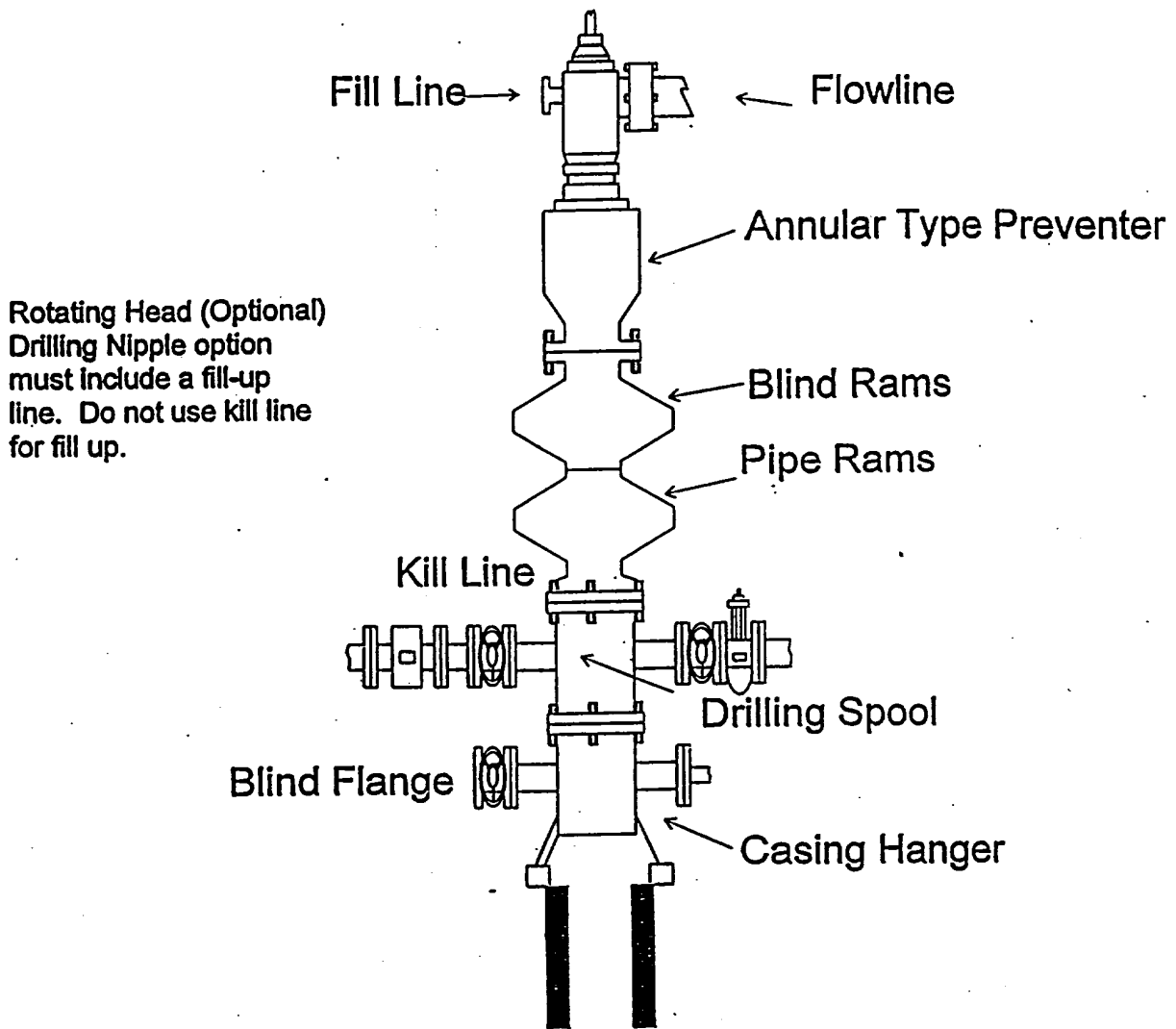
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION <i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature Kim Stewart Printed Name Regulatory Analyst Title December 4, 2000 Date
	SURVEYOR CERTIFICATION <i>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.</i> NOVEMBER 30, 2000 Date Surveyed LMP Signature & Seal of Professional Surveyor
	Certificate No. RONALD J. EDSON 3239 GARY EDSON 12641

EARBURG PRODUCING COMP
CHOKE MANIFOLD
5M SERVICE



EARBURG PRODUCING COMPANY
BOPE SCHEMATIC



Rotating Head (Optional)
Drilling Nipple option
must include a fill-up
line. Do not use kill line
for fill up.

1500 Series

HYDROGEN SULFIDE DRILLING OPERATIONS PLANS
NEARBURG PRODUCING COMPANY
GAZELLE 31 FEDERAL #3

1. HYDROGEN SULFIDE TRAINING

- A. All regularly assigned personnel, contracted or employed by Nearburg Producing Company, will receive training from a qualified instructor in the following areas prior to commencing drilling potential hydrogen sulfide bearing formations in this well:
 - 1. The hazards and characteristics of hydrogen sulfide (H₂S).
 - 2. The proper use and maintenance of personal protective equipment and life support systems.
 - 3. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures and prevailing winds.
 - 4. The proper techniques for first aid and rescue procedures.
- B. In addition, supervisory personnel will be trained in the following areas:
 - 1. The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
 - 2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
 - 3. The contents and requirements of the H₂S Drilling Operations Plan.
- C. There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

HYDROGEN SULFIDE DRILLING OPERATIONS PLANS

PAGE 2

2. H2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H2S safety equipment and systems will be installed, tested and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H2S.

A. Well Control Equipment:

1. Flare line with continuous pilot.
2. Choke manifold with a minimum of one remote choke.
3. Blind rams and pipe rams to accommodate all sizes with properly sized closing unit.
4. Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head and flare gun with flares as needed.

B. Protective Equipment for Essential Personnel:

Mark II Surviveair 30-minute units located in the dog house and at briefing areas, as indicated on well site diagram.

C. H2S Detection and Monitoring Equipment:

1. Two portable H2S monitors positioned and location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 ppm are reached.
2. One portable SO2 monitor positioned near flare line.

D. Visual Warning systems:

1. Wind direction indicators as shown on well site diagram.
2. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used when appropriate. See example attached.

HYDROGEN SULFIDE DRILLING OPERATIONS PLANS

PAGE 3

E. Mud Program

1. The Mud Program has been designed to minimize the volume of H₂S circulated to the surface. Proper mud weights, safe drilling practices and the use of H₂S scavengers will minimize hazards when penetrating H₂S bearing zones.
2. A mud-gas separator will be utilized as needed.

F. Metallurgy

All drill strings, casing, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and line and valves shall be suitable for H₂S service.

G. Communication

1. Cellular telephone communications in company vehicles and mud logging trailer.
2. Land line (telephone) communications at area office.

H. Well Testing

Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safely and adequately conduct the test. The drill stem testing in an H₂S environment will be conducted during the daylight hours.

WARNING

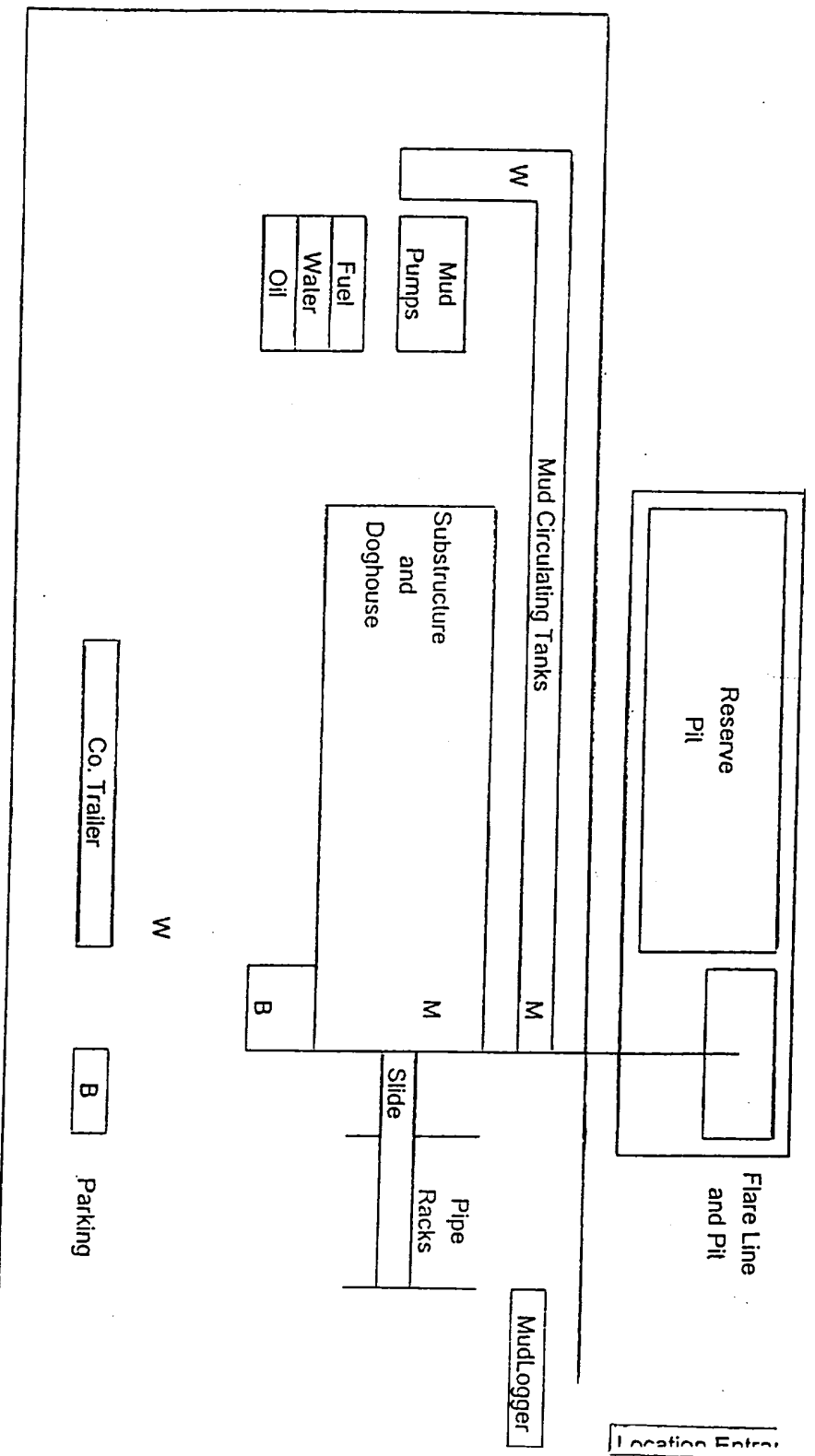
**YOU ARE ENTERING A H2S AREA
AUTHORIZED PERSONNEL ONLY**

1. BEARDS OR CONTACT LENSES NOT ALLOWED
2. HARD HATS REQUIRED
3. SMOKING IN DESIGNATED AREAS ONLY
4. BE WIND CONSCIOUS AT ALL TIMES
5. CHECK WITH NEARBURG SUPERINTENDENT AT MAIN OFFICE

NEARBURG PRODUCING COMPANY

(915) 686-8235

NEARBURG PRODUCING COMPANY HYDROGEN SULFIDE DRILLING OPERATIONS LOCATION PLAN



M - H2S Monitors with alarms at bell nipple and shale shaker

W - Wind Direction Indicators

B - Safe Briefing areas with caution signs and protective breathing equipment.
Minimum 150' from wellhead.

Prevailing Wind Directions: Summer - South/Southwest

Winter - North/Northwest

ABOVE DATE DOES NOT
INDICATE WHEN
CONFIDENTIAL LOGS
WILL BE RELEASED

ELF

8/17/01