Form 3160-3 (July 1992)

UNITE STATES DEPARTMENT OF THE INTERIOR

SUBMIT IN TR :ATE : ATE : IN COLOR OF THE CO

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

		BUREAU OF I	AND MANAGEME				5. LEASE DESIGNATION A	ND SERIAL NO.
	APPI IC	ATION FOR PE			D DEEDEN		NM 1723	
1a TYP	E OF WORK	ATION FOR PE	KWIT TO DI	KILL C	DEEPEN		6. IF INDIAN, ALLOTTEE O	R TRIBE NAME
b. TYP	PE OF WELL	RILLX	DEEPEN				7. UNIT AGREEMENT NAM	lE
OIL WE	LL 🛛	GAS WELL OTHER			INGLE MULTI		8. FARM OR LEASE NAME	WELLNO
	OF OPERATOR						Python 3 Fede	
	arburg Producir						9. API WELL NO.	
		et, Building 2, Suite 120) Midland Tayes	70705	(045) 000 0005		30-025-	
4. LOCA	TION OF WELL (Repo	ort location clearly and in accorda	nce with any State requir	79705 ((915) 000-8235		10. FIELD AND POOL, OR	
At su	rface 2,310 FNI	and 330' FEL	and	omones, j			Teas Bone S	
At pro	oposed prod. zone	H					AND SURVEY OR AREA	١.
44 5105							Section 3, T209	S, R33E
		DIRECTION FROM NEAREST Way, New Mexico	FOWN OR POST OFFIC	E*			12. COUNTY OR PARISH	13. STATE
	TANCE FROM PROPO	<u> </u>		16.40	05 40050 111 5405	4=	Lea	New Mexico
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3,5	78 GR						22. APPROX. DATE WORLD	K WILL START
^{23.} e =	CRETARY'S	LISATOR S			MENTING PCAPT	AN CO		TEO DAGG
	SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER	PUTA		AN CO		TER BASH
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11	14-3/4"	8-5/8 14-9/4" JEE TS		1234#	1,300' 3,000		800 sx cmt, circ to s	
	* 7-7/8"	5-1/2" N80	17#	D.MT	9.600 47/1/1	17	1,500 sx cmt, circ to 700 sx cmt, tie back to	
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		7-00	 -		ATTACH	ED		
AP11	50-0	25-34965	' In deenen dive da	ata on ores	sent productive zone and pro	nonad naw r	andriative mane 16 access	
	directionally, give p	ertinent data on subsurface	locations and measu	red and tr	ue vertical depths. Give blow	out prevente	r program, if any.	ii is to driii or
24. SIGNE	ED /	for elle	<u> </u>	TLE Drill	ing Superindentent		DATE 01/06/00)
(This	space (Section)	r State office use)						
PERM	D	UST AICT I SUPERVIS	SOR		APPROVAL DATE	MAR	0 8 5000	
Applica	ation approval does no	t warrant or certify that the applic	ant holds legal or equitat	ble title to the	ose rights in the subject lease whi	ch would entit	e the applicant to conduct over	ations thereon
COND	ITIONS OF APPROVA	NL, IF ANY:			-			

*See Instructions On Reverse Side

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.

Jan P

ROSWELL, NM JAN 07 2000 JAN 07 2000

THE REPORT OF THE PROPERTY OF

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DISTRICT I P.O. Dux 1880, Hobbs, NK 88841-1880

DISTRICT II

DISTRICT IV

State of New Mexico

Energy, Minerals and Matural Resources Department

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

P.O. Bruwer BD, Artesia, NM 88811-0718

DISTRICT III
1000 Rto Brunos Rd., Axtoc, NM 87410

P.O. BOX 2006, SANTA PK, M.M. 87504-2008

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

30-025_34	965 Fool Cod 58960	de Pool Nam. Teas Bone Spr	- I
Property Code 2526		PYTHON 3 FEDERAL	Well Number
OGRID No. 15742	NEARB	Operator Name SURG PRODUCING COMPANY	Elevation 3578

Surface Location

UL or let No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Н	3	20 S	33 E		2310	NORTH	330	EAST	LEA

Bottom Hole Location If Different From Surface

UL or let No.	Section Towns	hip Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation	Code Or	der No.	<u> </u>			

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

3580.4' 400' 3576.9' 3582.5' 3577.5' DETAIL SEE_DETAIL 338'	OPERATOR CERTIFICATION I hereby certify the the information contained herein to true and complete to the heat of my incumings and belief. Bignature H. R. Willis Printed Name Drlg Superintendent Title January 6, 2000 Date SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of notwell surveys made by me or under my supervison and that the same is true and cerrect to the best of my ballef. DECEMBER 29, 1999 Date Surveys Surveyor. DECEMBER 29, 1999 Date Surveys Real of Surveyor. Professional Surveyor. Certification No. BONAID FISSON 3239 12641

Form 3160-5 (June 1990)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

M. Oil Jns. Division FORM APPROVED

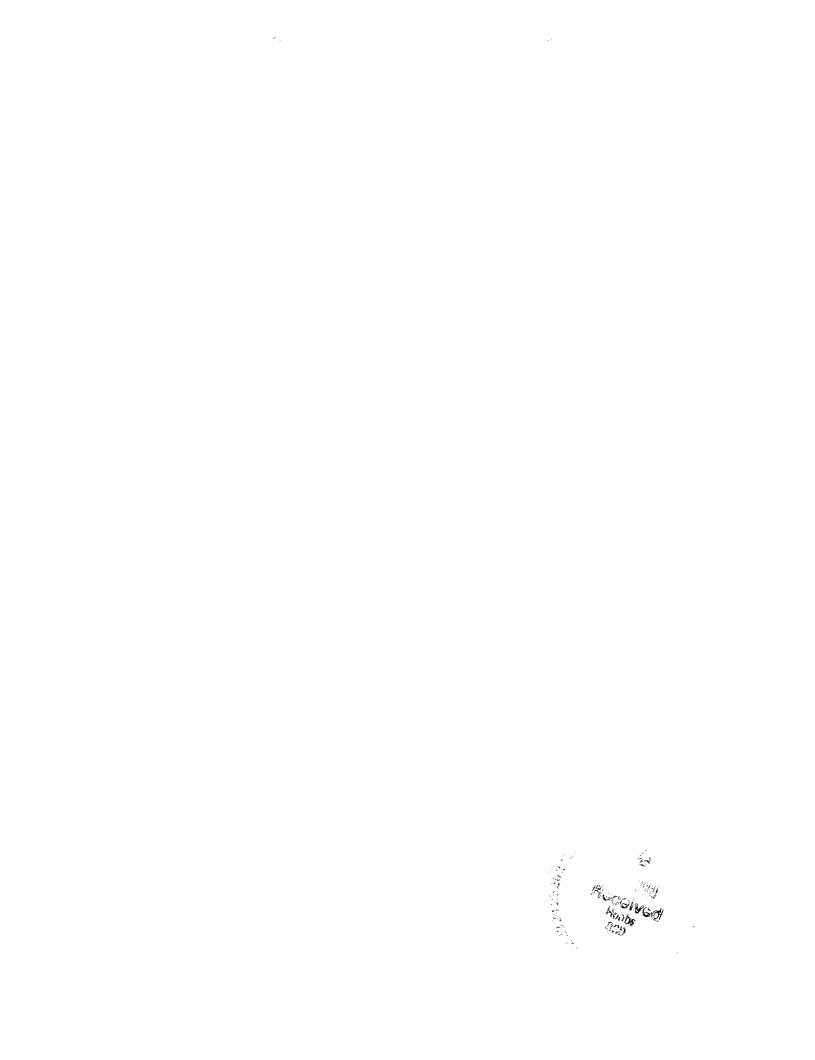
1625 N. French Dr. Budget Bureau No. 1004-0135
Expires: March 31, 1993

Hobbs, NM 8824 05. Lease Designation and Serial No.

	CII	NDRY NOTICE	C 4ND 5	EDODTO	ON ME		NM 17238
Do not use	this form for	LLS y to a different reservoir. oposals	6. If Indian, Allottee or Tribe Name				
·		SUBMI	T IN TR	IPLICATI			7. If Unit or CA, Agreement Designation
1. Type of Well					-		
⊠ Oil Well	ے Gas	Other				•	8, Well Name and No.
2. Name of Ope		Otner					Python 3 Federal #3
•	Producing Comp	any					9. API Well No.
3. Address and							S. At 1 West No.
3300 N A S	St., Bldg 2, Suite	120, Midland, TX	79705				10. Field and Pool, or Exploratory Area
4. Location of V	Vell (Footage, Sec.,	T., R., M., or Survey E	Description)				Teas Bone Spring
2310' FNL	and 330' FEL, \$	Sec 3, 20S, 33E					11. County or Parish, State
12. (ODDIATE DOV	(a) TO IN		IATUDE	OF NOTICE DEPOSIT O	Lea County, NM
			(S) TO IN	DICATE	NATURE	OF NOTICE, REPORT, O	R OTHER DATA
	TYPE OF SUBM	MISSION				TYPE OF ACTION	
	Notice of Intent				Abandonme	nt	Change of Plans
					Recompletion	on .	New Construction
1	Subsequent Rep	port			Plugging Ba		Non-Routine Fracturing
!	Tinal Abandan				Casing Rep		
İ	Final Abandonm	ient Notice		[_] [2]	Altering Cas		Conversion to Injection
					Other <u>Ca</u>	sing Design Change	Dispose Water (Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)
directionally	y drilled, give subsur	face locations and me	asured and t	rue vertical de	ng change Joint STC STC STC LTC	es for Pot Ash String for the above the second of the seco	ove referenced well: ce
•	rtify that the foregoing	ng is true and compet		- D.00	ina C	nton dont	- 04/40/00
Signed	r Federal of State of	MICA USA)		Title Dilli	ing Superi	ntendent	Date01/13/00
•		nice use)		T:41 -			B.1.
Approved by _ Conditions of a	approval, if any:		·	Title		•	Date

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:

NM-17238

Legal Description of Land:

2,310' FNL & 330' FEL

Section 3, T20S, R33E Lea County, New Mexico

Formation(s) (if applicable): Teas Bone Spring

Bond Coverage:

\$25,000 statewide bond of Nearburg Producing Company

BLM Bond File No:

NM1307

Drilling Superintendent

ATTACHMENT TO FORM 3160-3 PYTHON 3 FEDERAL #3 SECTION 3, T20S, R33E LEA COUNTY, NEW MEXICO

DRILLING PROGRAM

1. GEOLOGIC NAME OF SURFACE FORMATION

Sand Dunes

2. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS

T/Rustler	1,400'	T/Bone Spring 8,125'
T/Yates	3,360'	T/1 st Bone Spring SD 9,280'
T/Capitan Reef	3,650'	,
T/Delaware	5,500'	

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

Brushy Canyon 6,570' Oil 1st Bone Spring Sd. 9,280' Oil

4. CASING AND CEMENTING PROGRAM

Casing Size	From To	Weight	Grade	<u>Joint</u>
16"	0 - 1,000	65#	H40	STC
16"	1,000' - 1,300'	75#	J55	STC
11-3/4"	0' - 3,200'	65#	S95	BTC
8-5/8" liner	3,000' - 4,400'	32#	J55	STC
8-5/8" liner	4,400' - 5,000'	32#	S80	STC
5-1/2"	0' - 9,600'	17#	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 18-1/2" hole to equal 1,300'. 16" casing will be cemented with 800 sx or volume necessary to circulate to surface.

14-3/4" hole will be drilled to 3,200' and 11-3/4" casing will be cemented with 1,500 sx or volume necessary to bring cement back to surface. A contingency 8-5/8" casing liner will be set in a 10-5/8" hole at 5,000' using 1,000 sx cement if needed.

7-7/8" hole will be drilled and 5-1/2" production casing will be cemented with approximately 1,700 sx of Class "H" tying back 200' into 8 5/8" intermediate casing.

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL

The BOP stack will consist of a 3,000 psi working pressure, dual ram type preventer and annular.

A BOP sketch is attached.

6. TYPES AND CHARACTERTICS OF THE PROPOSED MUD SYSTEM

Spud and drill to 1,300' with fresh water mud for surface string. The salt section will be drilled with 10 ppg brine to 3,200'. The intermediate section will be drill with fresh water. The production section from 5,000' to 9,600' will be 8.8 - 9.2 ppg cut Brine 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. <u>ABNORMAL CONDITIONS</u>, <u>PRESSURES</u>, <u>TEMPERATURES</u> & <u>POTENTIAL</u> HAZARDS

None anticipated.

BHP expected to be 3,500 psi.

10. ANTICAPATED STARTING DATE:

Is planned that operations will commence on February 1, 1999 with drilling and completion operation lasting about 25 day.

SURFACE USE AND OPERATIONS PLAN FOR

DRILLING, COMPLETION, AND PRODUCING

NEARBURG PRODUCING COMPANY PYTHON 3 FEDERAL #3 SECTION 3-T20S-R33E LEA COUNTY, NEW MEXICO

LOCATED

5 mile Northeast of Halfway, New Mexico

OIL & GAS LEASE

NM - 17238

RECORD LESSEE

Eva G. Manning

BOND COVERAGE

\$25,000 statewide bond of Nearburg Producing Company

ACRES IN LEASE

40 acre

GRAZING LEASE

Kenneth Smith PO Box 764 Carlsbad, NM 88221

POOL

Teas Bone Spring

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 9,600'.

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. It will be approximately 473' of access road.

B. Surface Material

Existing.

C. Maximum Grade

Less than five percent.

D. <u>Turnouts</u>

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.

Python 3 Federal #3 Page 4

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

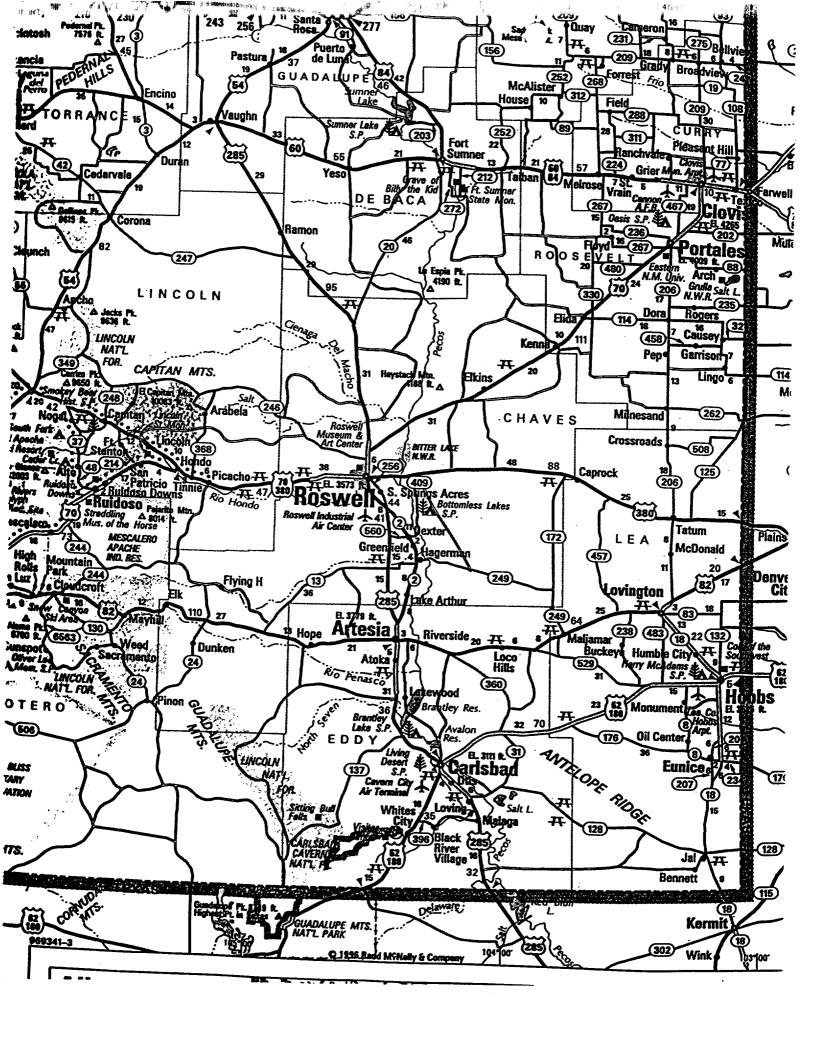
Office: (915) 686-8235 Home: (915) 697-2484

12. <u>CERTIFICATION</u>

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.

Date

Drilling Superintendent



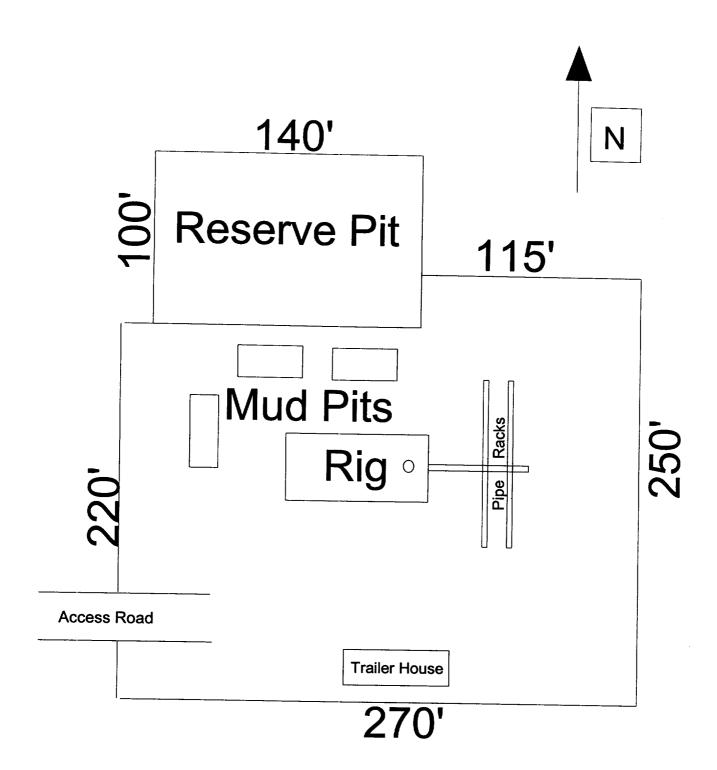
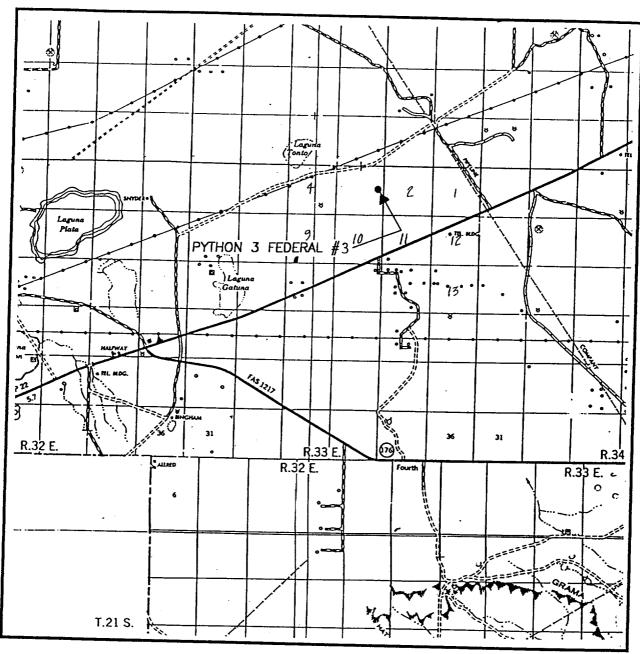


EXHIBIT B
DRILLING RIG LAYOUT
NEARBURG PRODUCING COMPANY
Python 3 Federal #3
SCALE 1" = 50'

Riccolver Rome

VICINITY MAP



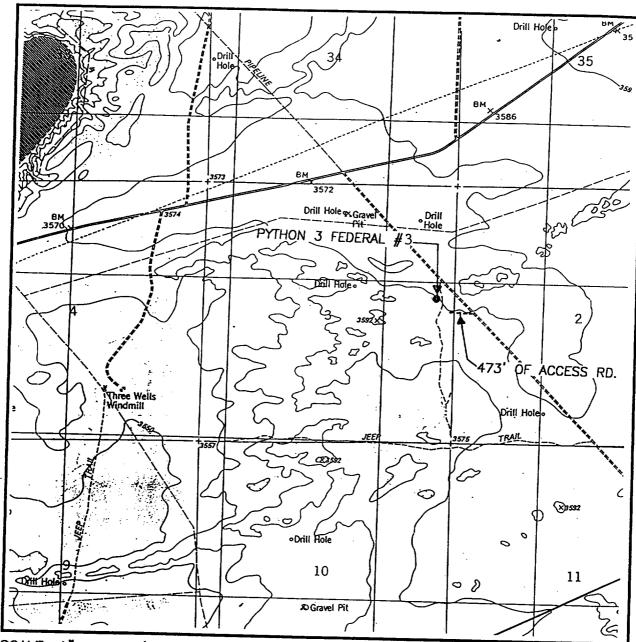
SCALE: 1" = 2 MILES

SEC. <u>3</u> TWP. <u>20-S</u> RGE. <u>33-E</u>
SURVEYN.M.P.M.
COUNTYLEA
DESCRIPTION 2310' FNL & 330' FEL
ELEVATION3578
OPERATOR <u>NEARBURG PRODUCING CO.</u>
LEASE <u>PYTHON 3 FEDERAL</u>

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



LOCATION VERFICATION MAP



SCALE: 1" = 2000'

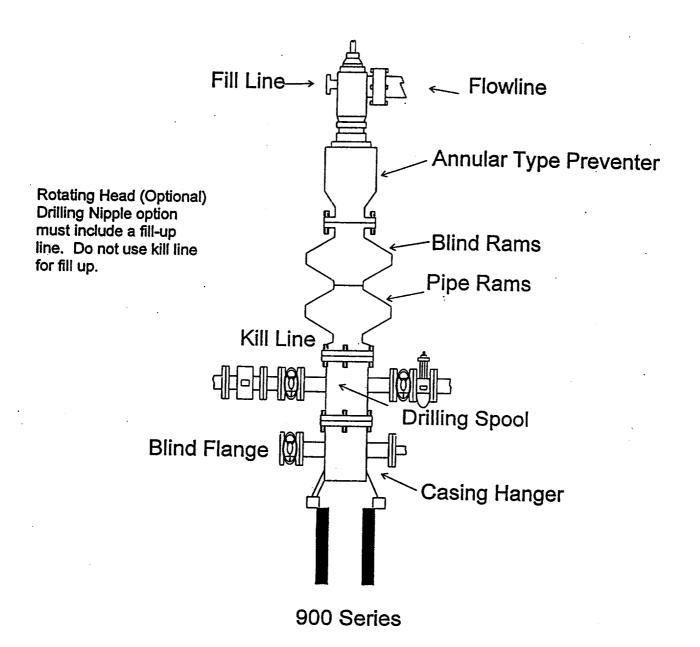
CONTOUR INTERVAL: LAGUNA GATUNA, N.M.- 10'

SEC. <u>3</u> TWP. <u>20-S</u> RGE. <u>33-E</u>
SURVEY N.M.P.M.
COUNTYLEA
DESCRIPTION 2310' FNL & 330' FEL
ELEVATION3578
OPERATOR NEARBURG PRODUCING CO.
LEASE PYTHON 3 FEDERAL
U.S.G.S. TOPOGRAPHIC MAP
LAGUNA GATUNA, N.M.

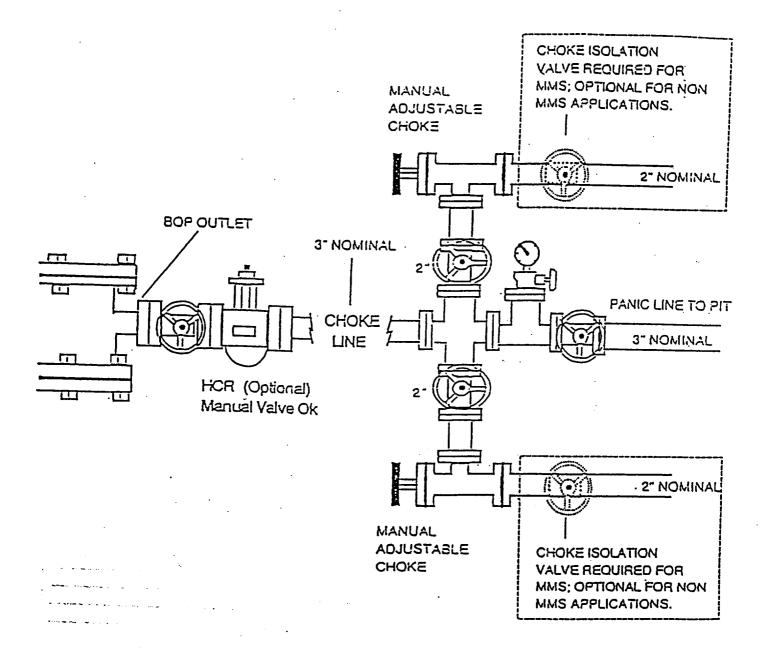
JOHN WEST SURVEYING HOBBS, NEW MEXICO (505) 393-3117



NEARBURG PRODUCING COMPANY BOPE SCHEMATIC



NEARBURG PRODUCING COMPANY CHOKE MANIFOLD 2M AND 3M SERVICE



HYDROGEN SULFIDE DRILLING OPERATIONS PLANS NEARBURG PRODUCING COMPANY PYTHON 3 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.

	Recognition of the second seco

WARNING

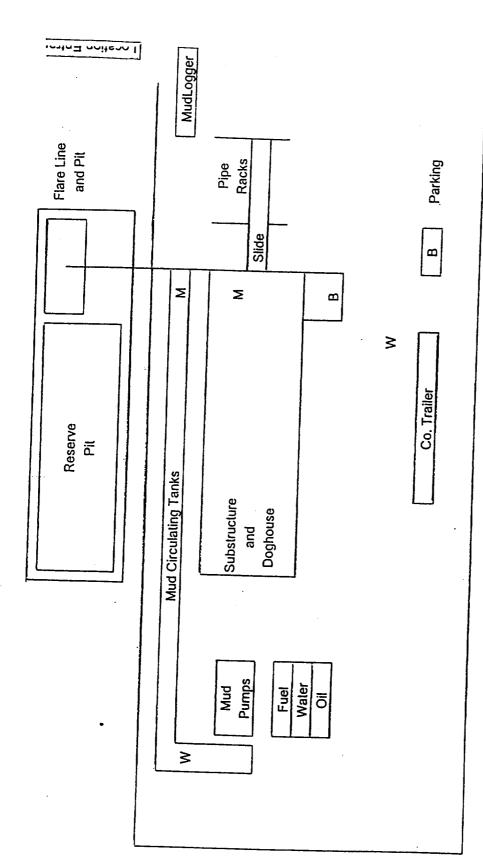
YOU ARE ENTERING A H2S AREA AUTHORIZED PERSONNEL ONLY

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

Prevailing Wind Directions: Summer - South/Southwest Winter - North/Northwest