

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.  
NM 17238

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.  
Python 3 Federal #4

9. API WELL NO.

30-025-35474

10. FIELD AND POOL, OR WILDCAT

Teas, Delaware

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

Section 3, T20S, R33E

12. COUNTY OR PARISH

Lea

13. STATE

New Mexico

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL  
WELL ☒

GAS  
WELL ☐

OTHER

SUBJECT TO  
LIKE APPROVAL  
BY STATE

SINGLE  
ZONE ☒

MULTIPLE  
ZONE ☐

2. NAME OF OPERATOR

Nearburg Producing Company

3. ADDRESS AND TELEPHONE NO.

3300 North A Street, Building 2, Suite 120, Midland, Texas 79705 (915) 686-8235

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)\*

At surface

2310' FNL and 230' FEL - UNORTHODOX

At proposed prod. zone

1650' FNL and 990' FEL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

5 miles NE of Halfway, New Mexico

15. DISTANCE FROM PROPOSED\*  
LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT  
(Also to nearest dril unit line, if any)

230'

16. NO. OF ACRES IN LEASE

640

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION\*  
TO NEAREST WELL, DRILLING, COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

6,700'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3572' GR

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#	500'	400 sx cmt, circ to surface
11"	8-5/8" J55	24 & 32#	3300'	1200 sx cmt, circ to surface
7-7/8"	5-1/2" N80	17#	6700'	1500 sx cmt, circ to surface

CARTER CONTROLLED WATER BASIN

Propose to directionally drill from SHL of 2310' FNL and 230' FEL, Section 3, T20S, R33E to a BHL @ 6,700' of 1650' FNL and 990' FEL, Section 3, T20S, R33E, Lea County, New Mexico to sufficient depth to evaluate the Delaware 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.

Acreage dedication 40; SE of Section 3.

OPER. OGRID NO. 15742

PROPERTY NO. 25261

POOL CODE 96797

EFF. DATE 3-22-01

API NO. 30-025-35474

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS

I am to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

Kim Stewart

TITLE Regulatory Analyst

DATE 12/14/00

(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:

( ORIG. SGD.) M. J. CHÁVEZ

STATE DIRECTOR

APPROVED BY

TITLE

DATE

2-28-01

\*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.

imp

RECEIVED  
DEC 15 2000  
BLM  
ROSWEIL, NM

## STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Nearburg Producing Company  
3300 North "A" Street, Building 2, Suite 120  
Midland, Texas 79705

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: NMNM 17238

Legal Description of Land: SHL - 2310' FNL & 230' FEL  
BHL - 1650' FNL & 990' FEL  
Section 3, T20S, R33E  
Lea County, New Mexico

Formation(s) (if applicable): Delaware

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

BLM Bond File No: NM1307

Date

12/14/00

H. R. Willis

Drilling Superintendent

**ATTACHMENT TO FORM 3160-3  
PYTHON 3 FEDERAL #4  
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	1400'
T/Yates	3360'
T/Capitan Reef	3650'
T/Delaware	5300'

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

Brushy Canyon 6500' Oil

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' - 500'	48#	J55	STC
8-5/8"	0' - 1000'	24#	J55	STC
8-5/8"	1000' - 3300'	32#	J55	STC
5-1/2"	0' - 6,700'	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 17-1/2" hole to equal 500'. 13-3/8" casing will be cemented with 400 sx or volume necessary to circulate to surface.

11" hole will be drilled to 3300' and 8-5/8" casing will be cemented with 1200 sx Class "C" or volume necessary to bring cement back to surface.

7-7/8" hole will be directionally drilled to 6700' and 5-1/2" casing will be cemented with 1500 sx or volume necessary to cover productive zones.

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 CHARACTERISTICS OF THE PROPOSED MUD SYSTEM

Spud and drill to 500' with fresh water mud for surface string. The intermediate section will be drill with fresh water spud mud to the top of Rustler, then 10 ppg brine to 3300'. The production section from 3300' to 6700' will be fresh water system or with mud weight sufficient to control formation pressures.

7. AUXILIARY 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 3,500 psi.

10. ANTICIPATED STARTING DATE:

Is planned that operations will commence 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**  
**PYTHON 3 FEDERAL #4**  
**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 Delaware

**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 6,700'.

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

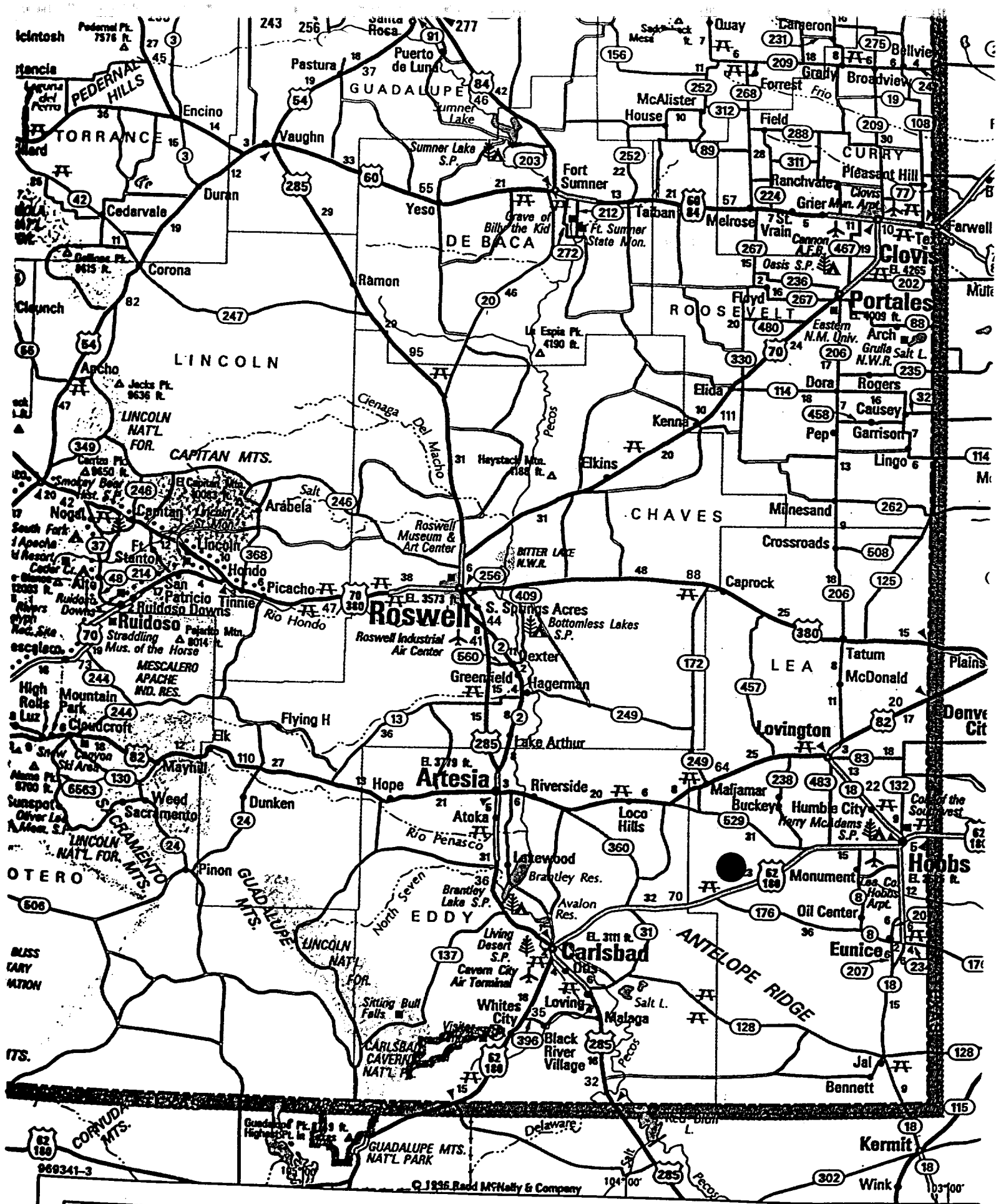
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated 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.

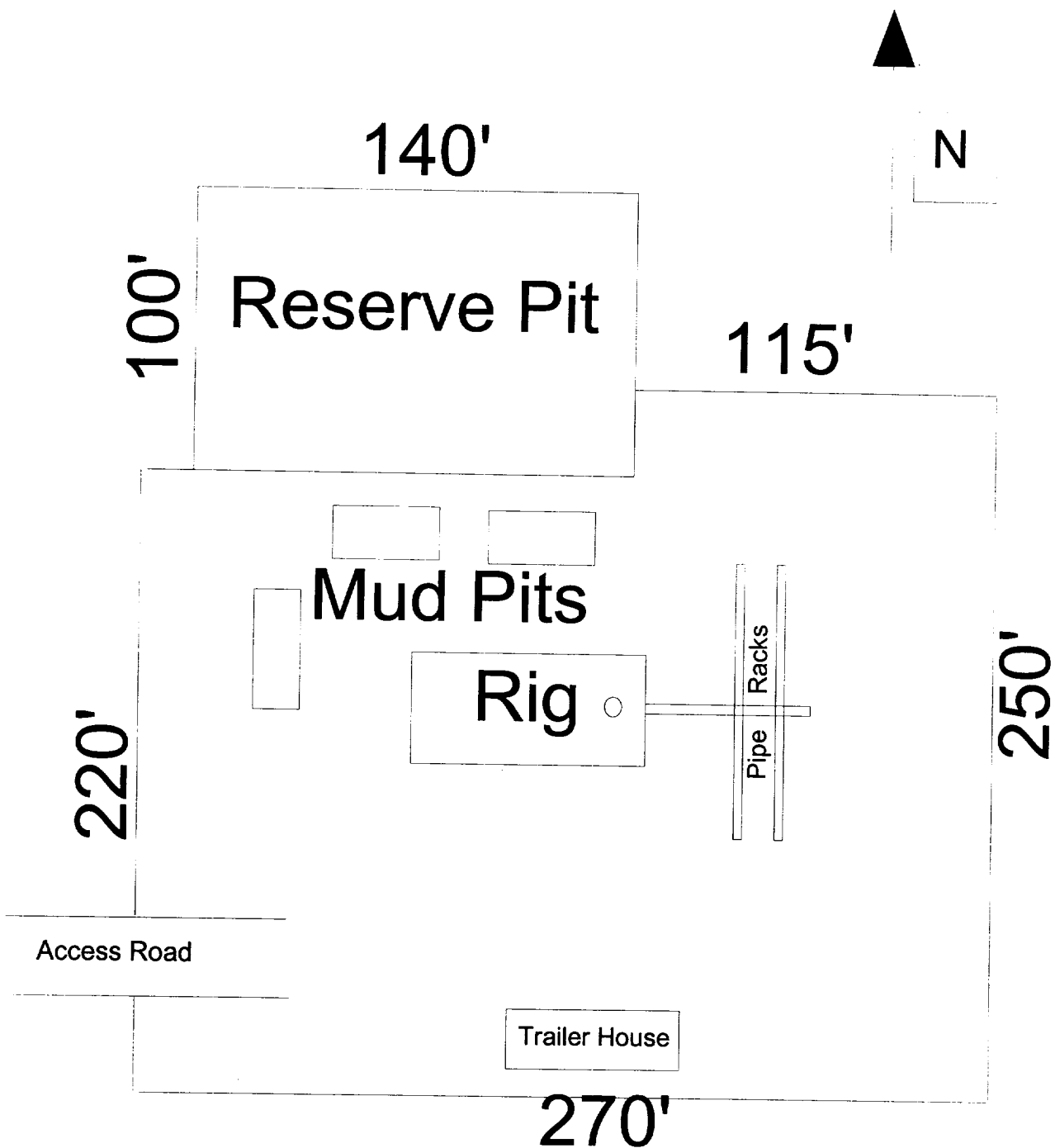
Date

12/14/00

  
H. R. Willis

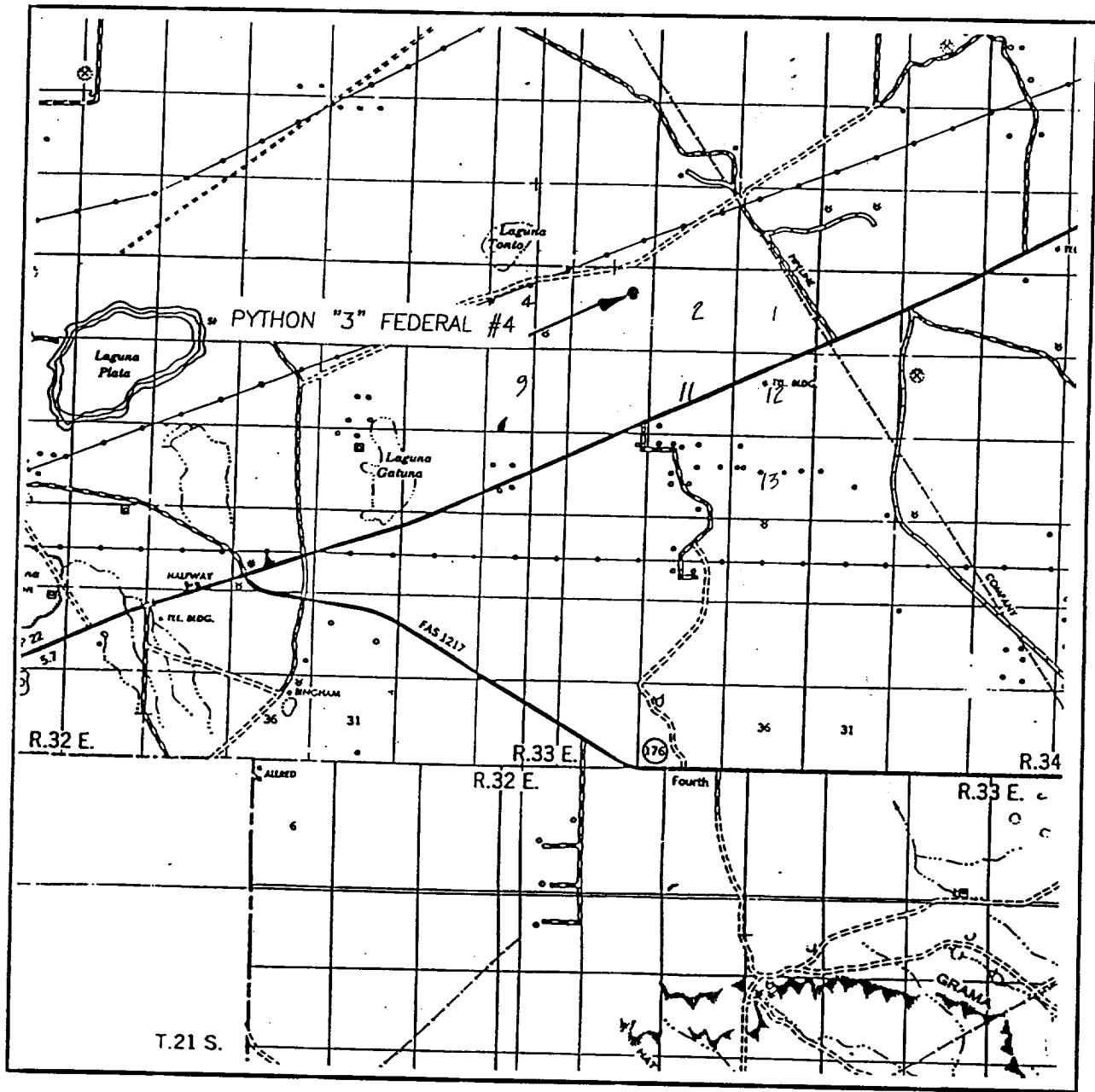
Drilling Superintendent





**EXHIBIT B**  
**DRILLING RIG LAYOUT**  
**NEARBURG PRODUCING COMPANY**  
**Python 3 Federal #4**  
**SCALE 1" = 50'**

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 3 TWP. 20-S RGE. 33-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 2310' FNL & 230' FEL

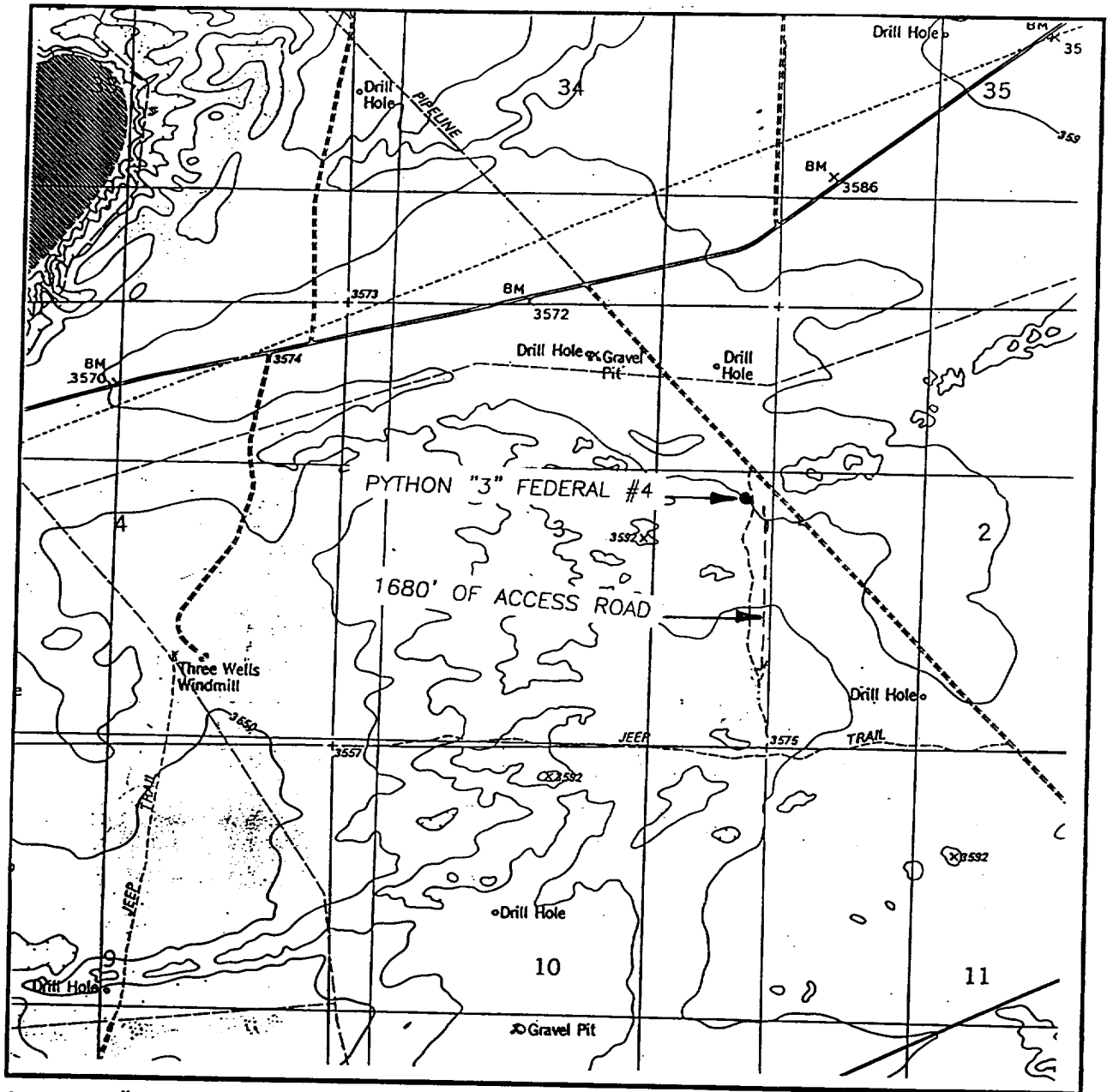
ELEVATION 3572

OPERATOR NEARBURG PRODUCING COMPANY

LEASE PYTHON "3" FEDERAL

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

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

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

SEC. 3 TWP. 20-S RGE. 33-E

SURVEY \_\_\_\_\_ N.M.P.M.

COUNTY \_\_\_\_\_ LEA

DESCRIPTION 2310' FNL & 230' FEL

ELEVATION 3572

OPERATOR NEARBURG PRODUCING COMPANY

LEASE PYTHON "3" FEDERAL

U.S.G.S. TOPOGRAPHIC MAP  
LAGUNA GATUNA, N.M.

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

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

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

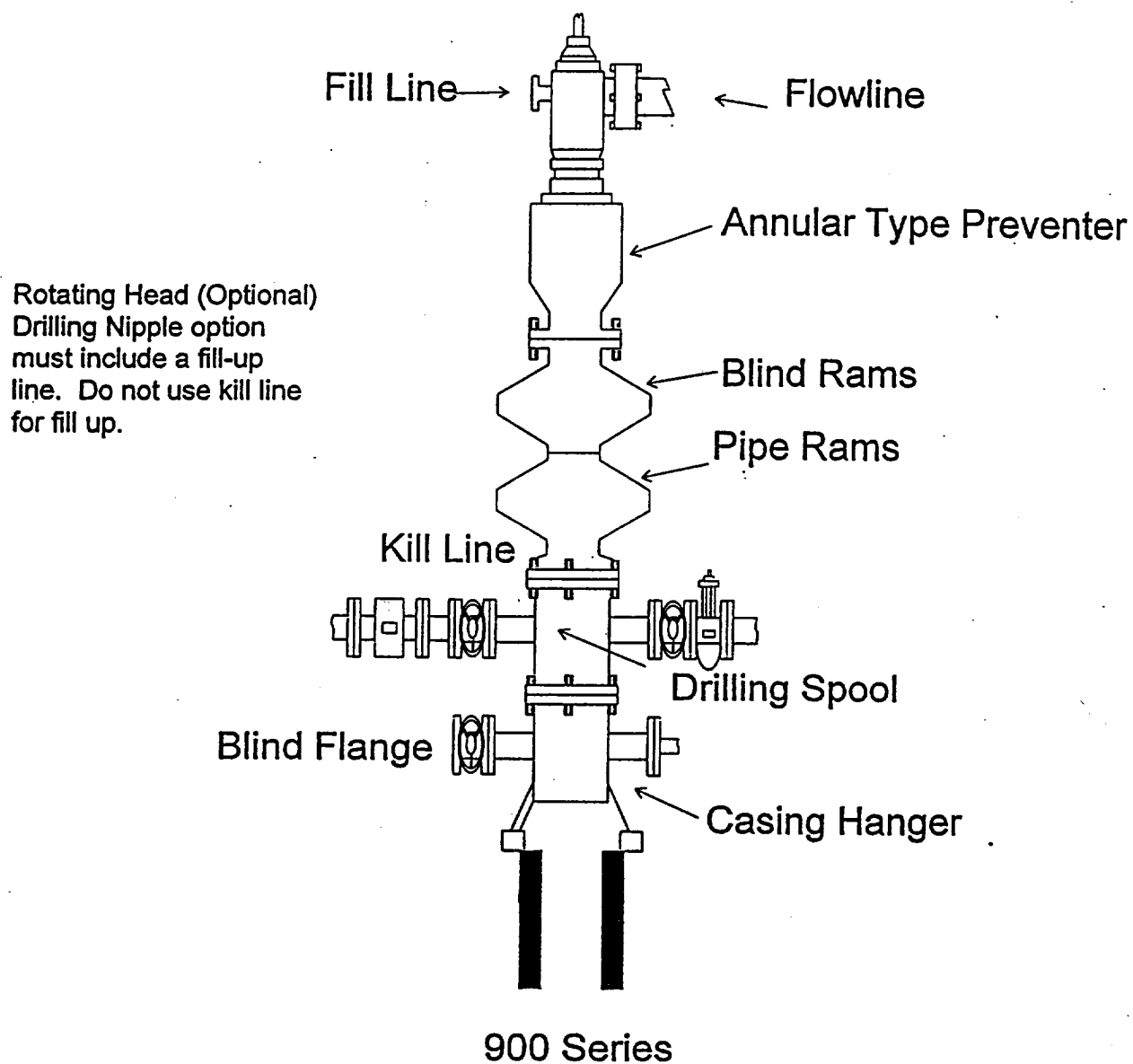
☐ AMENDED REPORT

# WELL LOCATION AND ACREAGE DEDICATION PLAT

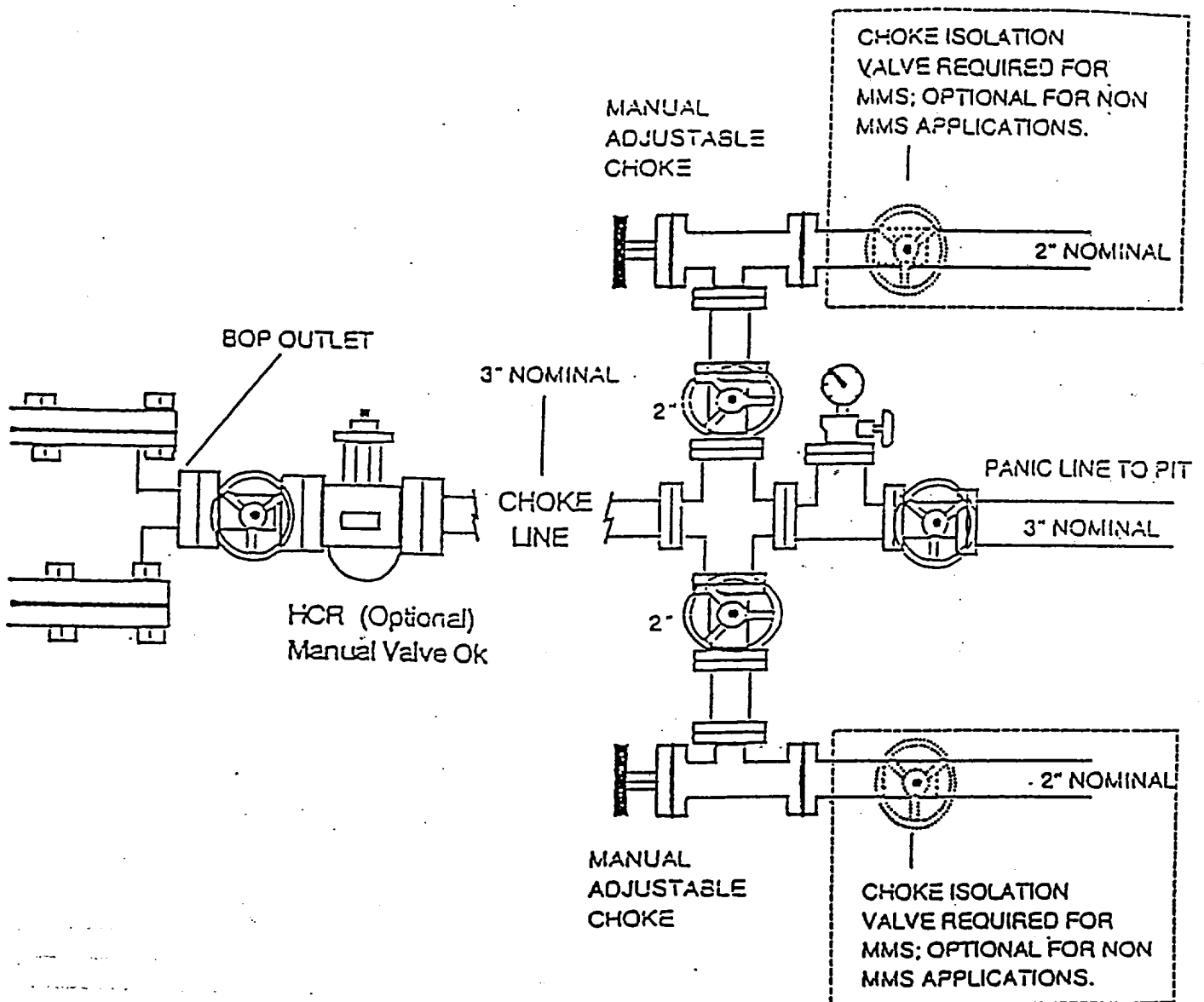
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center;"><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p style="text-align: right;"><i>Kim Stewart</i></p> <p><b>Signature</b></p> <p><b>Kim Stewart</b></p> <p><b>Printed Name</b></p> <p><b>Regulatory Analyst</b></p> <p><b>Title</b></p> <p><b>December 14, 2000</b></p> <p><b>Date</b></p> </div> <div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;"><b>SURVEYOR CERTIFICATION</b></p> <p><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></p> <p style="text-align: right;"><b>DECEMBER 1, 2000</b></p> <p><b>Date Surveyed</b></p> <p style="text-align: right;"><b>AWB</b></p> <p><b>Signature &amp; Seal of Professional Geologist</b></p> <div style="text-align: center;"> </div> <p><b>Certificate No. 12541</b></p> <p><b>RONALD F. EIDSON 3239</b></p> <p><b>GARY EIDSON 12641</b></p> </div>
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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 #4**

**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 (H<sub>2</sub>S).
  - 2. The proper use and maintenance of personal protective equipment and life support systems.
  - 3. The proper use of H<sub>2</sub>S 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 H<sub>2</sub>S 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 H<sub>2</sub>S Drilling Operations Plan.
- C. There will be an initial training session just prior to encountering a known or probable H<sub>2</sub>S zone (within 3 days or 500 feet) and weekly H<sub>2</sub>S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H<sub>2</sub>S 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 H<sub>2</sub>S circulated to the surface. Proper mud weights, safe drilling practices and the use of H<sub>2</sub>S scavengers will minimize hazards when penetrating H<sub>2</sub>S 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 H<sub>2</sub>S 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 H<sub>2</sub>S 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**

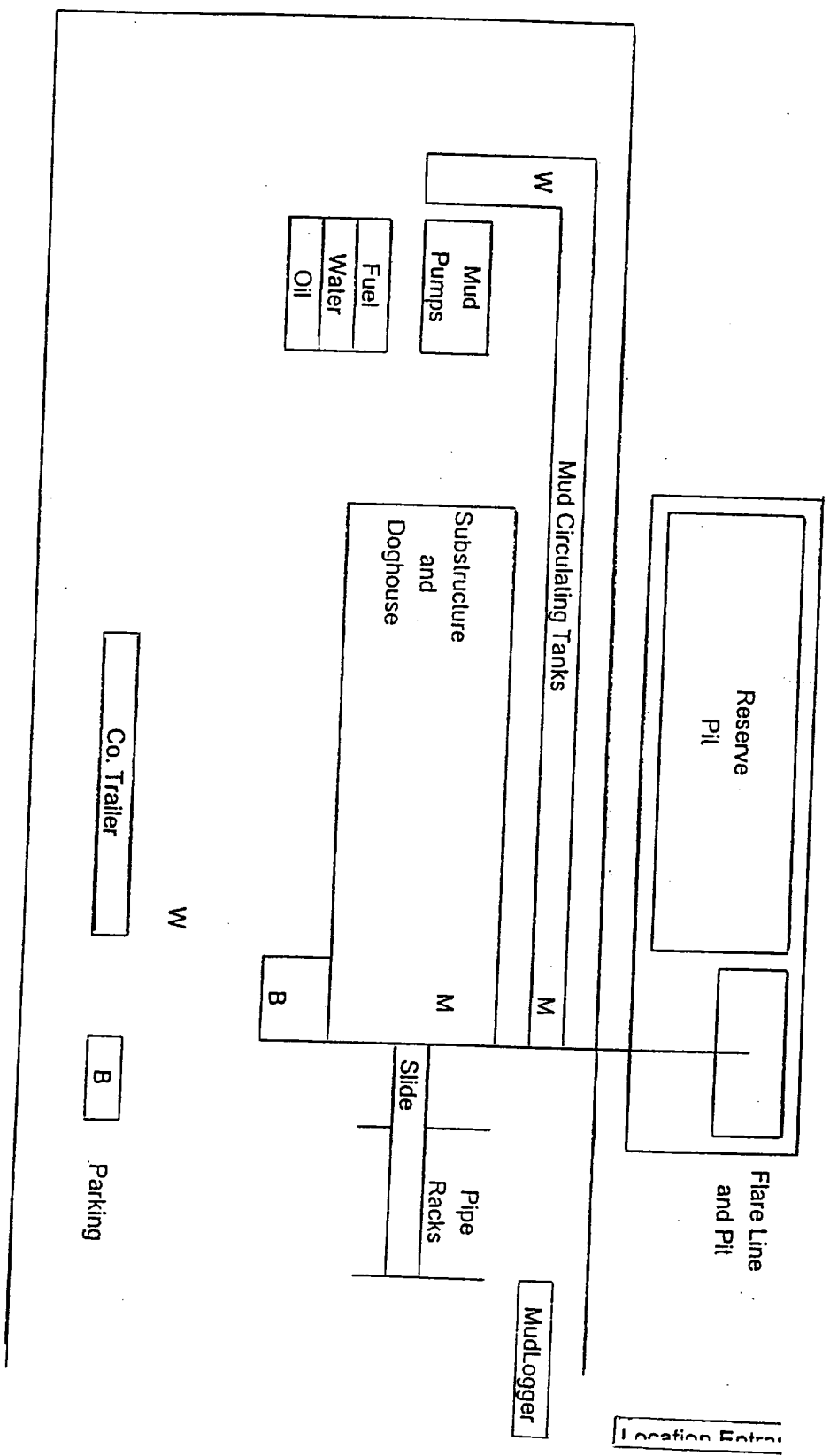
**(915) 686-8235**

ABOVE DATE DOES NOT  
INDICATE WHEN  
CONFIDENTIAL LOGS  
WILL BE RELEASED

ELF 10/28/01



# 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

ELF  
10/18/01  
ABOVE DATE DOES NOT  
INDICATE WHEN  
CONFIDENTIAL LOGS  
WILL BE RELEASED

