

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMLC028793A
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator MARBOB ENERGY CORPORATION		7. If Unit or CA Agreement, Name and No. NMNM88525X
3a. Address P O BOX 227 ARTESIA, NM 88211-0227		8. Lease Name and Well No. BURCH KEELY UNIT 934
3b. Phone No. (include area code) Ph: 505.748.3303 Fx: 505.746.2523		9. API Well No. 30-015-32969
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NWNW Lot 1 25FNL 660FWL At proposed prod. zone NWNW Lot 1 25FNL 660FWL		10. Field and Pool, or Exploratory GRBG JACKSON SR Q GRBG SA
14. Distance in miles and direction from nearest town or post office* SEE SURFACE USE PLAN		11. Sec., T., R., M., or Bk. and Survey or Area Sec 19 T17S R30E Mer NMP
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 25'	16. No. of Acres in Lease 629.70	12. County or Parish EDDY
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 4800 MD	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 3624 GL	22. Approximate date work will start 05/10/2003	17. Spacing Unit dedicated to this well 40.00
		20. BLM/BIA Bond No. on file
		23. Estimated duration 21 DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature (Electronic Submission)	Name (Printed/Typed) DIANA CANNON	Date 04/10/2003
Title AUTHORIZED REPRESENTATIVE		
Approved by (Signature) /s/ Leslie A. Theiss	Name (Printed/Typed) /s/ Leslie A. Theiss	Date 26 AUG 2003
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify 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, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

Additional Operator Remarks (see next page)

Electronic Submission #20478 verified by the BLM Well Information System
For MARBOB ENERGY CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by Linda Askwig on 04/10/2003 (03LA0429AE)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED **

OCD's H2S Contingency plan on File

Additional Operator Remarks:

12 1/4" HOLE - 8 5/8" 24# J55 CSG SET @ 350' - CMT W/ 300 SX
7 7/8" HOLE - 5 1/2" 17# J55 CSG SET @ 4800' - CMT SUFFICIENT TO COVER 200' ABOVE ALL KNOWN OIL & GAS HORIZONS.

PRESSURE CONTROL EQUIPMENT: WE WILL BE USING A 2M SYSTEM. (SEE EXHIBIT #1)

PAY ZONE WILL BE SELECTIVELY PERFORATED AND STIMULATED AS NEEDED FOR OPTIMUM PRODUCTION.

MASTER SURFACE USE PLAN ON FILE AT BLM ROSWELL.

INCLUDED IN THE ATTACHMENT ARE:

1. FORM C-102 - WELL LOCATION & ACREAGE DEDICATION PLAT
2. DRILLING PROGRAM
3. SURFACE USE AND OPERATING PLAN
3. ADDITIONAL REQUIRED SUPPLEMENTAL DRILLING DATA - EXHIBITS #1 (4 PGS) - #4

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

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

DISTRICT IV
P.O. BOX 3088, SANTA FE, N.M. 87504-3088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-015-	28509	GRBG JACKSON SR Q GRBG SA
Property Code	Property Name	Well Number
006497	BURCH KEELY UNIT.	934
OGRID No.	Operator Name	Elevation
14049	MARBOB ENERGY CORPORATION	3624'

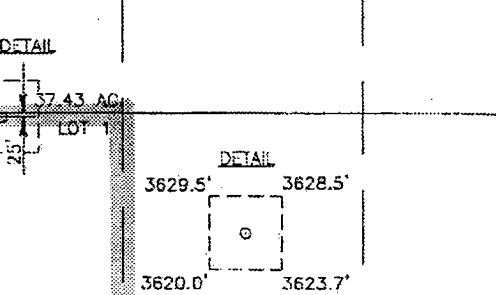
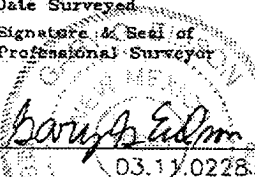
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
1	19	17-S	30-E		25	NORTH	660	WEST	EDDY

Bottom Hole Location If Different From Surface

UB or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code		Order No.					
40									

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

<p>LOT 4</p> <p>SEE DETAIL</p>  <p>37.43 AC. LOT 2</p> <p>37.43 AC. LOT 3</p> <p>37.41 AC.</p>	<p>18 19</p>	<h3 style="text-align: center;">OPERATOR CERTIFICATION</h3> <p>I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.</p> <p style="font-size: 1.2em;"><i>Diana J. Cannon</i></p> <hr/> <p>Signature</p> <hr/> <p>DIANA J. CANNON</p> <hr/> <p>Printed Name</p> <hr/> <p>PRODUCTION ANALYST</p> <hr/> <p>Title</p> <hr/> <p>APRIL 10, 2003</p> <hr/> <p>Date</p>
<p>37.43 AC. LOT 2</p> <p>37.43 AC. LOT 3</p> <p>37.41 AC.</p>	<p>18 19</p>	<h3 style="text-align: center;">SURVEYOR CERTIFICATION</h3> <p>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.</p> <p style="text-align: center;">FEBRUARY 25 , 2003</p> <hr/> <p>Date Surveyed</p> <hr/> <p>L.A.</p> <hr/> <p>Signature & Seal of Professional Surveyor</p> <div style="text-align: center;">  <i>Gary Edson</i> 3/18/03 03.11.0228 </div> <hr/> <p>Certificate No. RONALD J. EDSON 3239 GARY EDSON 12641</p>

DRILLING PROGRAM

Burch Keely Unit No. 934
25' FNL and 660' FWL
Section 19-17S-30E
Eddy County, New Mexico

10. Anticipated Starting Date and Duration of Operations

Starting date will be scheduled upon approval.

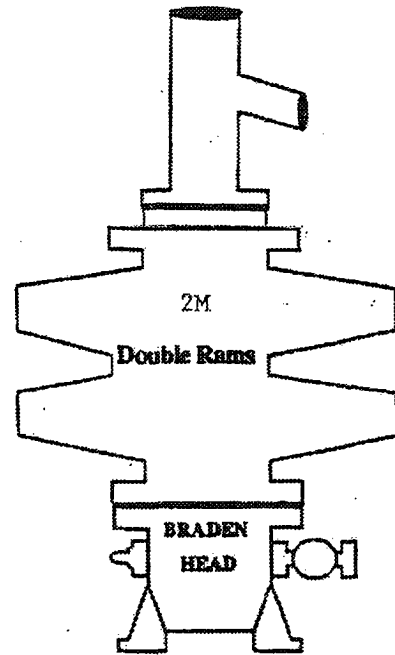
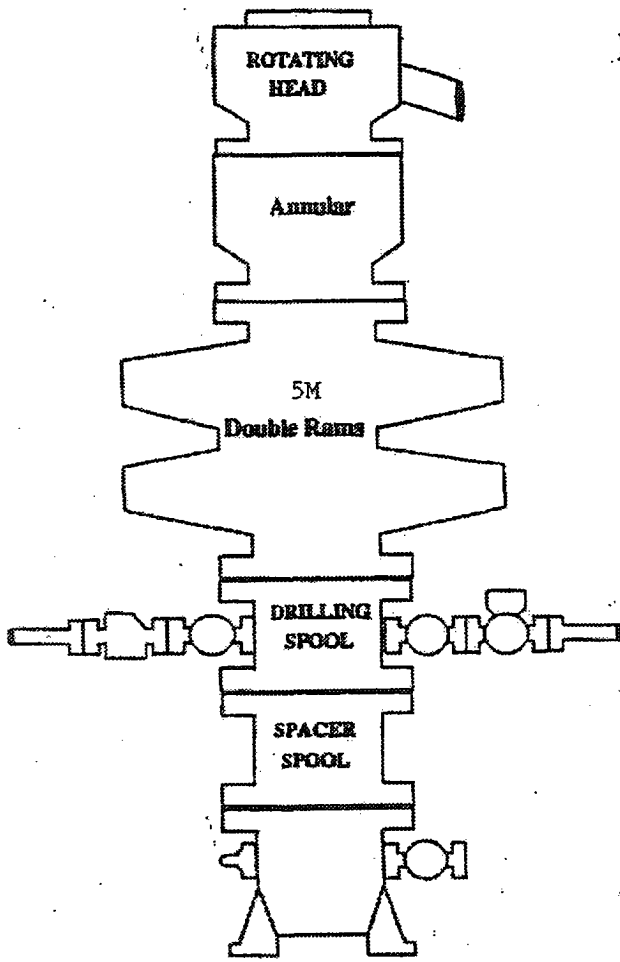
Duration of Operations: Once commenced, the drilling operations should be completed in approximately 21 days. If the well is productive, an additional 30 to 60 days will be required for completion and testing of the well.

SURFACE USE AND OPERATING PLAN

Burch Keely Unit No. 934
25' FNL and 660' FWL
Section 19-17S-30E
Eddy County, New Mexico

- 1.(c) Directions to Locations: From Loco Hills, proceed west on U.S. 82 for 1.5 miles. Turn north on lease road and proceed 2/10 miles. Turn west on lease road and proceed 3/10 miles. Access road and location are on northeast of Burch Keely Unit No. 51 well pad.
2. A new access road of 67' will be necessary.
- 4.(a) If productive, this well will use Satellite "B".

BOPE SCHEMATIC



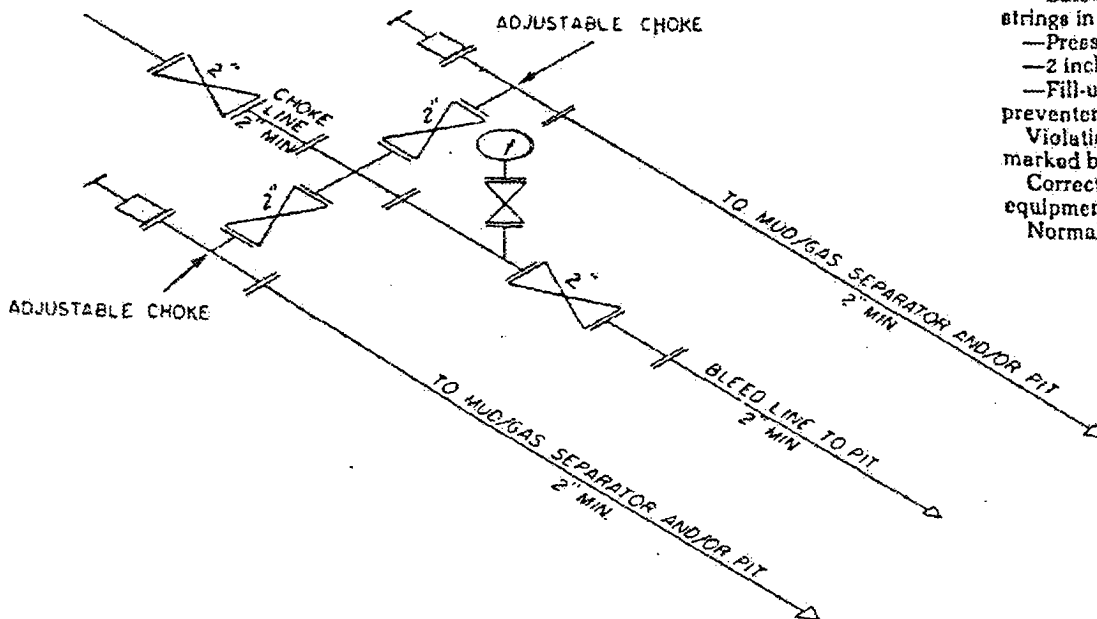
ONSHORE OIL AND GAS ORDER NO. 2

- 2M system:
- Annular preventer, or, double ram, or two rams with one being blind and one being a pipe ram *
 - Kill line (2 inch minimum)
 - 1 kill line valve (2 inch minimum)
 - 1 choke line valve
 - 2 chokes (refer to diagram in Attachment 1)
 - Upper kelly cock valve with handle available
 - Safety valve and subs to fit all drill strings in use
 - Pressure gauge on choke manifold
 - 2 inch minimum choke line
 - Fill-up line above the uppermost preventer.

Violation: Minor (all items unless marked by asterisk).

Corrective Action: Install the equipment as specified.

Normal Abatement Period: 24 hours.



2M CHOKES MANIFOLD EQUIPMENT — CONFIGURATION OF CHOKES

MAY VARY

Exhibit One

Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

JUN 21 1999

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

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
MARBOB ENERGY CORPORATION

3. Address and Telephone No.
P.O. BOX 227, ARTESIA, NM 88210 505-748-3303

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
T17S-R29E
T17S-R30E
T17S-R31E

5. Lease Designation and Serial No.

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

9. API Well No.

10. Field and Pool, or Exploratory Area

11. County or Parish, State

EDDY CO., NM

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 TEST BOPS

- ☐ 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.)

DUE TO THE LOW BOTTOM HOLE PRESSURE OF FORMATIONS ABOVE 6000', WE ARE REQUESTING BLANKET APPROVAL FOR WELLS IN THE ABOVE LOCATIONS TO TEST BOPS ON SURFACE CASING TO 1000#

THIS SUNDRY IS APPROVED FOR MARBOB TO HAVE A BLANKET APPROVAL FOR TESTING BOPS.

HOWEVER, THE OPERATOR WILL STATE ON EACH APD THIS APPLIES TO IN ORDER TO

REMIND AND/OR BRING NOTICE TO THE BLM OFFICE AND ENGINEER REVIEWING THE APD

THAT THE WELL'S BOPE TESTING IS COVERED BY A BLANKET APPROVAL FOR THESE LOCATIONS

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

Signed Robin Cameron
(This space for Federal or State office use)

Title PRODUCTION ANALYST

Date 05/25/99

Approved by Shay Bush
Conditions of approval, if any:

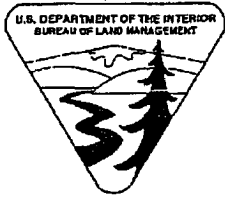
Title PETROLEUM ENGINEER

Date JUN 16 1999

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

SEP 09 1999



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office
2909 West Second St.
Roswell, New Mexico 88201
www.nm.blm.gov



IN REPLY REFER TO:
NMNM-88525X
3180 (06200)

Marbob Energy Corporation
Attention: Johnny Gray
P. O. Box 227
Artesia, NM 88210

SEP 07 1999

Gentlemen:

With regard to our telephone conversation of September 2, 1999, a review of our records has found discrepancies in the casing requirements section of the conditions of approval for your APD's. As per our meeting on July 7, 1999, our office had agreed with your recommended casing procedures for shallow wells of 6000 ft. or less in T. 17 S., Rgs. 29, 30 and 31 E., NMPM. In order to correct the discrepancies, this letter states the language to be used for the conditions of approval casing requirements for all your existing APD's

Conditions of Approval-Drilling amended as follows:

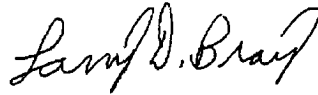
II. Casing requirements in T. 17 S., Rgs. 29, 30 and 31 E. for shallow wells less than 6,000 ft.

1. 8-5/8 inch surface casing should be set at approximately ____ ft. in the Rustler Anhydrite or in the case the salt occurs at a shallower depth above the top of the salt. The surface casing shoe shall be set in the anhydrite to ensure adequate sealing. The operator is required to use an excess of 100% cement volume to fill annulus. If cement does not circulate to surface the operator may then use ready mix cement to fill the remaining annulus.

2. The minimum required fill of cement behind the 5 1/2 inch production casing is to place the top of the cement 200 ft. above the top of the uppermost hydrocarbon bearing interval or to the base of the salt.

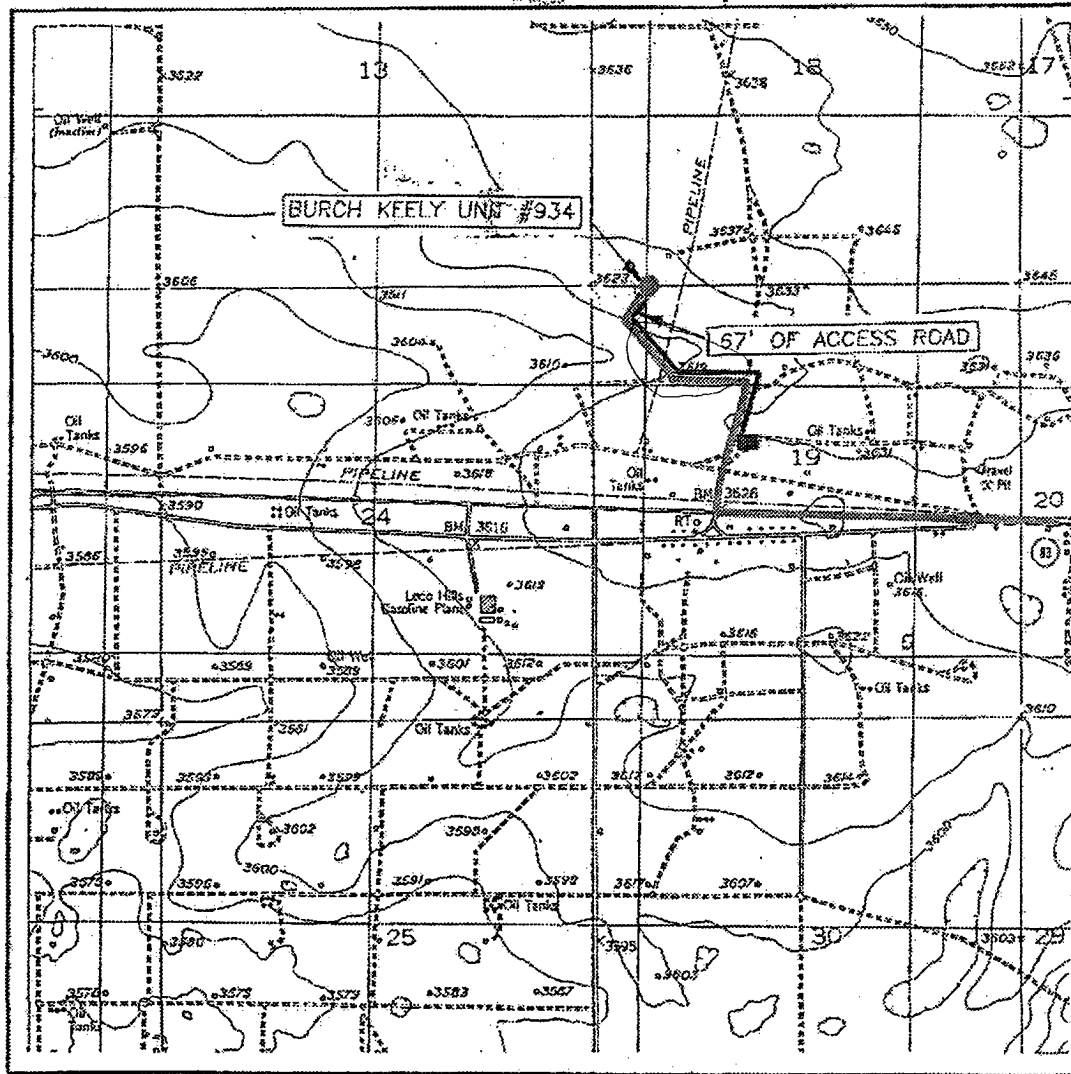
These requirements supercede those issued in your existing, approved APD's for the shallow wells located in T. 17 S., Rgs. 29, 30 and 31 E., NMPM. If you have any question regarding this matter please call John S. Simitz at (505) 627-0288 or Armando A. Lopez at (505) 627-0248.

Sincerely,

A handwritten signature in cursive script, appearing to read "Larry D. Bray".

Larry D. Bray
Acting Assistant Field Office Manager,
Lands and Minerals

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'
RED LAKE SE, N.M.

SEC. 19 TWP. 17-S. RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 25' FNL & 660' FWL

ELEVATION 3624'

OPERATOR MARBOB ENERGY

LEASE BURCH KEELY UNIT

U.S.G.S. TOPOGRAPHIC MAP

RED LAKE SE, N.M.

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

— Flowline
— Road

EXHIBIT 2

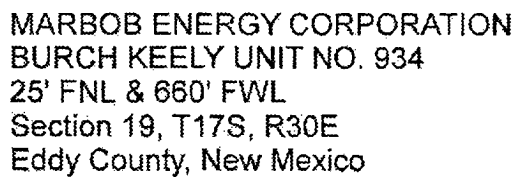
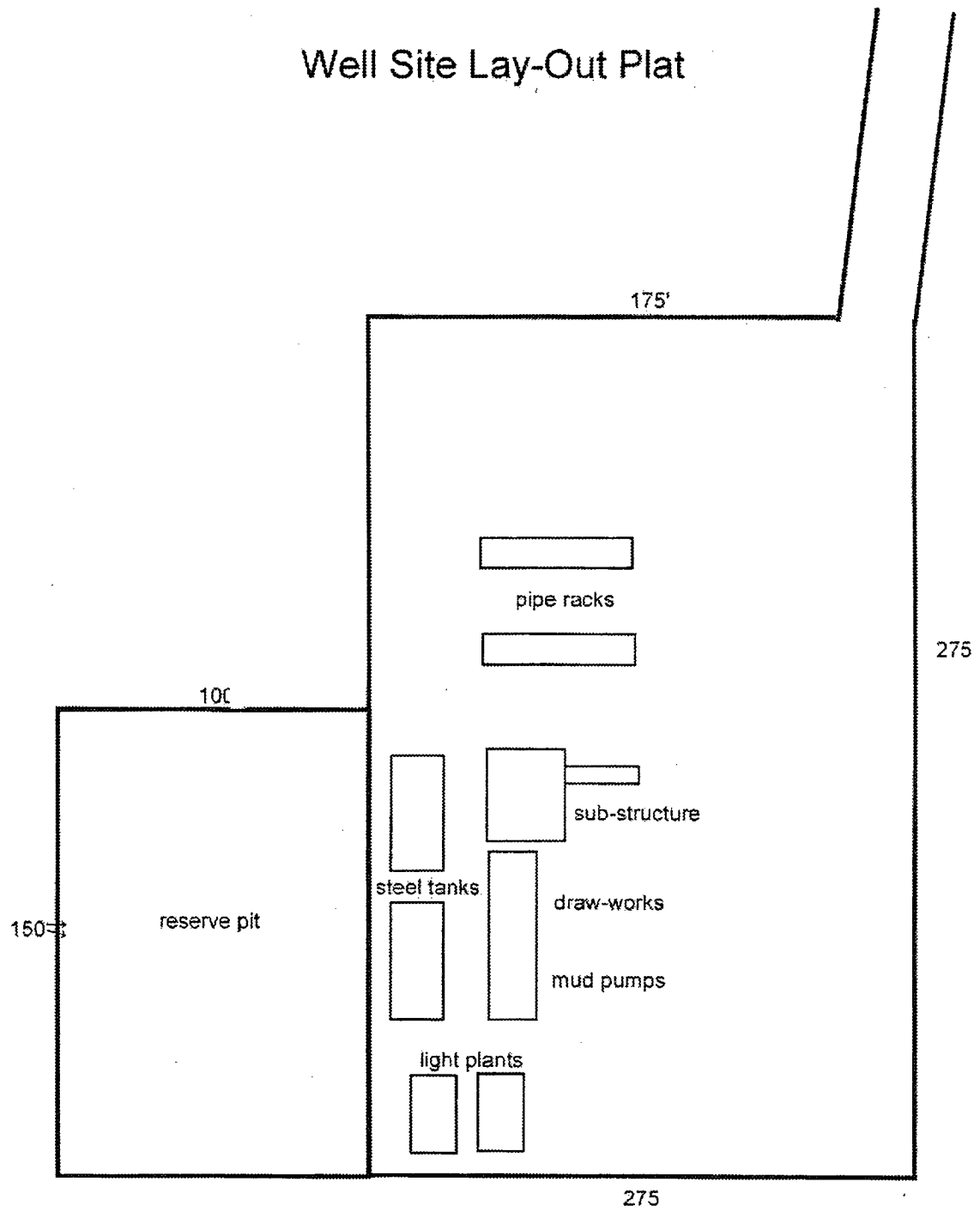


EXHIBIT 3

Well Site Lay-Out Plat



North



EXHIBIT FOUR