Form 3160-3 (September 2001) OPERATOR'S COPY

UNITED STATES DEPARTMENT OF THE INTERIOR

APPLICATION FOR PERMIT TO DRILL OR REENTER APPLICATION FOR PERMIT TO DRILL OR REENTER	BUREAU OF LAND MANA	AGEMENT OCO CELLO		NMLC-028793-C			
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well, an OCD pit permit must be obtained prior to pit construction.

SEE ATTACHED FOR CONDITIONS OF APPROVAL APPROVAL SUBJECT TO > GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

State of New Mexico

DISTRICT I 1625 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

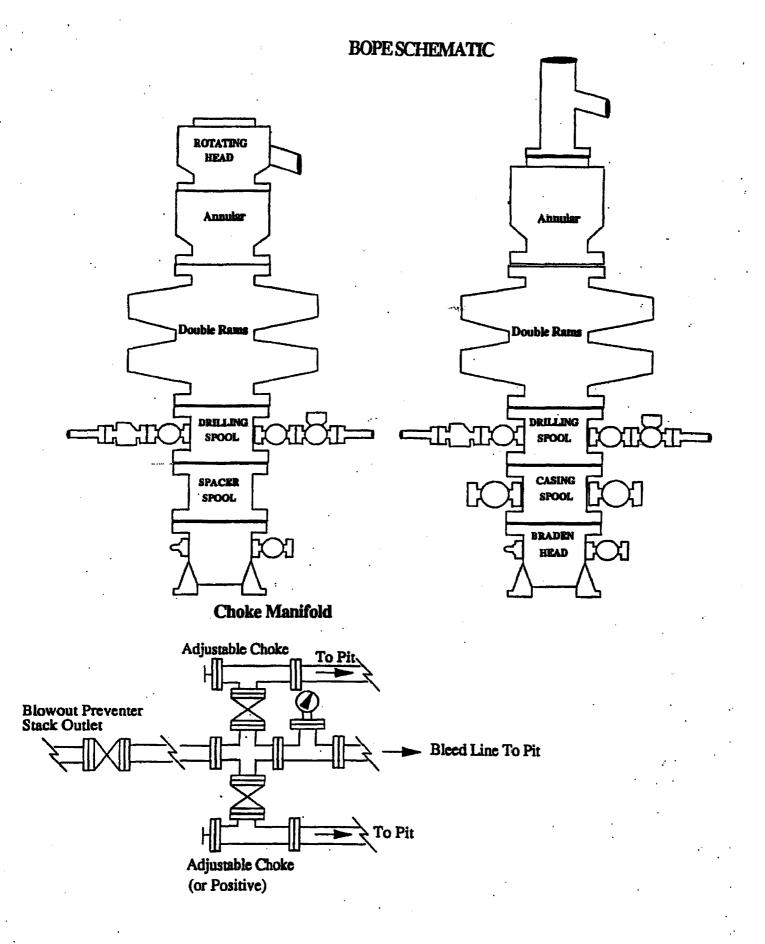
DISTRICT III

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

OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

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



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 5½ 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,

Larry D. Bray

Acting Assistant Field Office Manager,

Lands and Minerals

Lamy D. Bray