

OCD-ARTESIA

ATS-07-234

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator

Marbob Energy Corporation

3a. Address

P.O. Box 227, Artesia, NM 88211-0227

3b. Phone No. (include area code)

505-748-3303

4. Location of Well (Report location clearly and in accordance with any State requirements.)

At surface 250' FNL & 2130' FWL

At proposed prod. zone

Roswell Controlled Water Basin

5. Lease Serial No.

NMLC-028793-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.

Burch Keely Unit # 988

9. API Well No.

30-015--35441

10. Field and Pool, or Exploratory

Grayburg Jackson SR Q Grbg SA

11. Sec, T., R., M., or Blk. and Survey or Area

Sec 19, T17S - R30E

12. County or Parish

Eddy County

13. State

NM

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)

16. No. of Acres in lease

17. Spacing Unit dedicated to this well

40

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

19. Proposed Depth

4800'

20. BLM/BIA Bond No. on file

NM 2056

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

3629'

22. Approximate date work will start*

February 3, 2006

23. Estimated duration

14 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.

2. A Drilling Plan.

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).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).

5. Operator certification.

6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

Nancy T. Agnew

Name (Printed/Typed)

Nancy T. Agnew

Date

1/3/07

Title

Land Department

Approved by (Signature)

/s/ James Stovall

Name (Printed/Typed)

Date FEB 13 2007

Title

ACTING FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

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, 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.

*(Instructions on reverse)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

If earthen pits are used in
association with the drilling of this
well, an OCD pit permit must be
obtained prior to pit construction.

DISTRICT I
1625 N. FRENCH DR., HOBBES, NM 86240

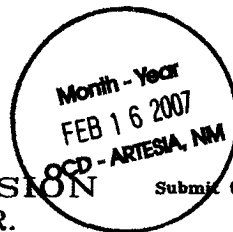
DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 86210

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

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 28509	Pool Name GRBG JACKSON SR Q GRBG SA
Property Code	Property Name BURCH KEELY UNIT	Well Number 988
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3629'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	19	17-S	30-E		250	NORTH	2130	WEST	EDDY

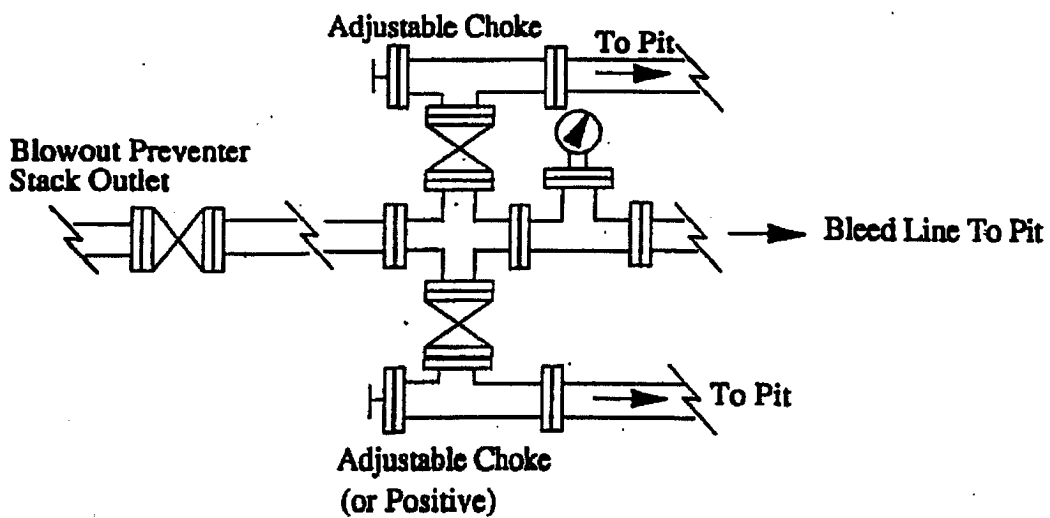
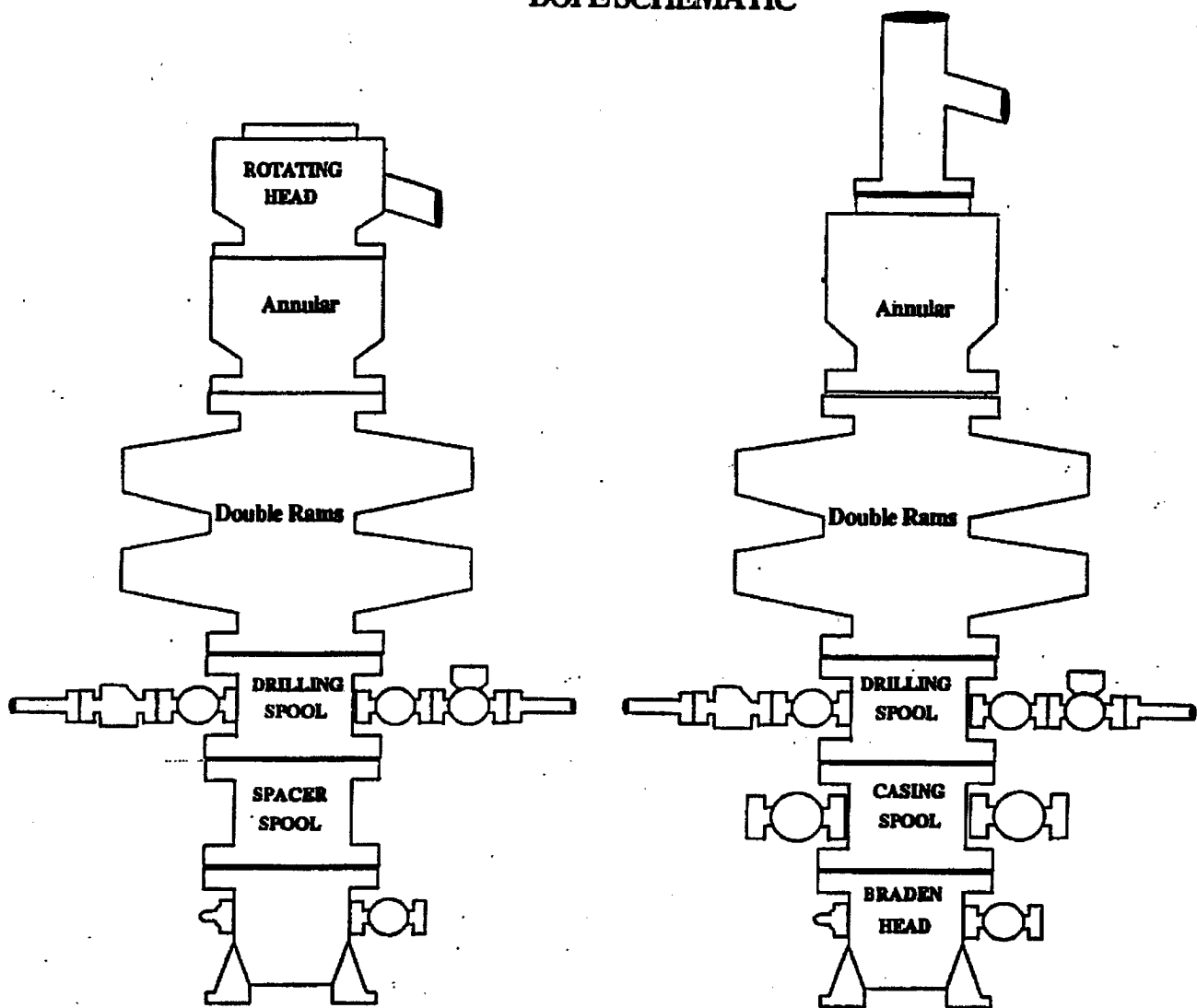
Bottom Hole Location If Different From Surface

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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><u>Nancy T. Agnew</u> / 3/07 Signature Date</p> <p><u>Nancy T. Agnew</u> Printed Name</p> <p>SURVEYOR CERTIFICATION</p> <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>NOVEMBER 10, 2006</p> <p>Date Surveyed DSR</p> <p>Signature & Seal of Professional Surveyor</p> <p><u>Gary E. Edson</u> 12/5/06 06.11.1774</p> <p>Certificate No. GARY EIDSON 12641</p>
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BOPE SCHEMATIC



SURFACE USE AND OPERATING PLAN

**Burch Keely Unit No. 988
250' FNL & 2130' FWL, Unit C
Section 19-17S-30E
Eddy County, New Mexico**

- 1. (c) Directions to Locations: From the intersection of St. Hwy #82 and Co. Rd #216 (General American Rd.) go East on St. Hwy. #82 approx. 0.3 miles. Turn left and go North approx. 0.5 miles. This location is approx. 120 feet East.**
- 2. There is an existing access road already in place.**
- 4. (a) If productive, this well will use Satellite "B".**

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. Burch Keely # 988
Operator's Name: Marbob Energy Corp.
Location: 250'FNL, 2130'FWL, SEC19, T17S, R30E, Eddy County, NM
Lease: LC-028793A

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:
 - A. Spudding
 - B. Cementing casing: 8.625 inch, 5.5 inch
 - C. BOP tests
2. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated prior to drilling into the Seven Rivers Formation. A copy of the plan shall be posted at the drilling site.
3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.
6. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.
7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. The 8.625 inch surface casing shall be set AT LEAST 25 feet INTO THE RUSTLER ANHYDRITE @ APPROXIMATELY 350 FEET or in the case that the salt occurs at a shallower depth, above the salt, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified. Remedial cementing shall be completed prior to drilling out that string.
- 2 The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall CIRCULATE TO at least 200 feet above the shoe of the 8.625 inch casing.
4. Whenever a casing string is cemented in the R-111-P Potash Area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 8.625 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) is 2000 psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- A variance to test the 8.625 inch surface casing, BOP and BOPE to the reduced pressure of 1000 psi with the rig pumps is approved.
- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.

Engineers can be reached at 505-706-2779 for any variances that might be necessary.

F Wright 1/10/07

Marbob Energy Corporation
Burch Keely Unit

HYDROGEN SULFIDE PUBLIC PROTECTION PLAN

The purpose of this plan is to safeguard the lives of the public and company personnel in the event of a component failure or natural disaster while oil and gas production operations are in progress.

A copy of this plan shall be available at the Burch Keely Central Tank Battery and Burch Keely Satellite E Battery as well as all the satellites.

I. Responsibilities and Duties of Key Personnel

The Foreman shall be responsible for overall oil and gas operations, on-site safety, training programs, and for implementing the procedures contained in this plan. In his absence the Assistant Foreman is in charge.

II. Emergency Call-out Procedures

During normal operations, the unit is controlled by a central alarm that monitors all batteries and satellites. In the event of an H₂S emergency, Nova Monitoring Systems, Inc. will immediately contact Marbob personnel. In order, persons contacted are as follows:

Doyle Davis	Office	(505) 748-3303
Production Foreman	Cellular	(505) 748-5975
	Home	(505) 746-6550
Adam Olguin	Office	(505) 748-3303
Asst. Production Foreman	Cellular	(505) 748-4868
	Home	(505) 748-3138
John Bilberry	Office	(505) 748-3303
Field Foreman	Cellular	(505) 748-5992
	Home	(505) 365-2636
Randy Dutton	Office	(505) 748-3303
Field Foreman	Cellular	(505) 748-5973
	Home	(505) 887-5409
Eddy County Sheriff's Office		(505) 746-9888
Emergency Calls		911

The Eddy County Sheriff's office will contact:

Local emergency personnel (fire and medical) will be put on alert (see Appendix I & II).

The following information is to be given to all persons contacted:

1. Nature of emergency, especially noting the presence of H₂S and concentrations of any H₂S.
2. Whether the emergency is under control or not.
3. Estimated flow rate of hazardous gas.
4. Whether hazardous gas is being flared.
5. Wind direction and velocity
6. Casualties and damage.

The foreman on duty will then notify:

Johnny C. Gray	Office	(505) 748-3303
President	Cellular	(505) 748-5983
	Home	(505) 885-3879
Doug Chandler	Office	(505) 748-3303
Vice-President	Cellular	(505) 748-5985
	Home	(505) 887-6934
Shane Gray	Office	(505) 748-3303
	Cellular	(505) 748-5959
	Home	(505) 746-0860

One of the officers of Marbob will notify all necessary federal, state, and local government agencies as specified in Appendix III of this plan.



January 4, 2007



Oil Conservation Division
1301 W. Grande Ave.
Artesia, N.M. 88210

Attention: Bryan Arrant

RE: Eddy County, New Mexico

Burch Keely Unit #981	330' FNL & 1850' FWL	Section 24 T17S, R29E
Burch Keely Unit #982	800' FNL & 1725' FEL	Section 24 T17S, R29E
Burch Keely Unit #983	1885' FNL & 2470' FEL	Section 24 T17S, R29E
Burch Keely Unit #985	1170' FNL & 290' FEL	Section 24 T17S, R29E
Burch Keely Unit #987	2180' FNL & 800' FEL	Section 18 T17S, R30E
Burch Keely Unit #988	250' FNL & 2130' FWL	Section 19 T17S, R30E

Dear Bryan:

Marbob Energy has conducted a review to determine if an H2S contingency plan is required for the above referenced wells. We were able to conclude that any potential hazardous volume would be minimal. H2S concentrations of wells in these areas from surface to TD are low enough; therefore we do not believe that an H2S Contingency Plan would be necessary.

Please advise us if you feel differently or need further information.

Sincerely,

Nancy Agnew
Land Department

/na