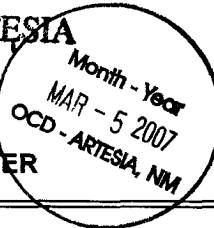




UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

OCD-ARTESIA



At 5-07-216

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

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 1550' FSL & 2185' FEL

Roswell Controlled Water Basin

At proposed prod. zone

14. Distance in miles and direction from nearest town or post office*

5. Lease Serial No.

LC-028731-A

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.

Dodd Federal Unit #532 34537

9. API Well No.

30-015-35459

10. Field and Pool, or Exploratory

GRBG Jackson SR Q GRBG SA

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

Sec. 15, T17-S R29-E

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

5000'

20. BLM/BIA Bond No. on file

NM 2056

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

GL 3586'

22. Approximate date work will start*

January 20, 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

12-20-06

Title

Land Department

Approved by (Signature)

Name (Printed/Typed)

James Stovall

Date

FEB 27 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)

NSL-

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
1825 N. FRENCH DR., HOBBBS, NM 88240

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

DISTRICT III
1000 Rio Brazos Ed., 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 DEC 07 2006	Property Name DODD FEDERAL UNIT	Well Number 532
OGRID No. 14049	Operator Name MARBOB ENERGY CORPORATION	Elevation 3586'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	15	17-S	29-E		1550	SOUTH	2185	EAST	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

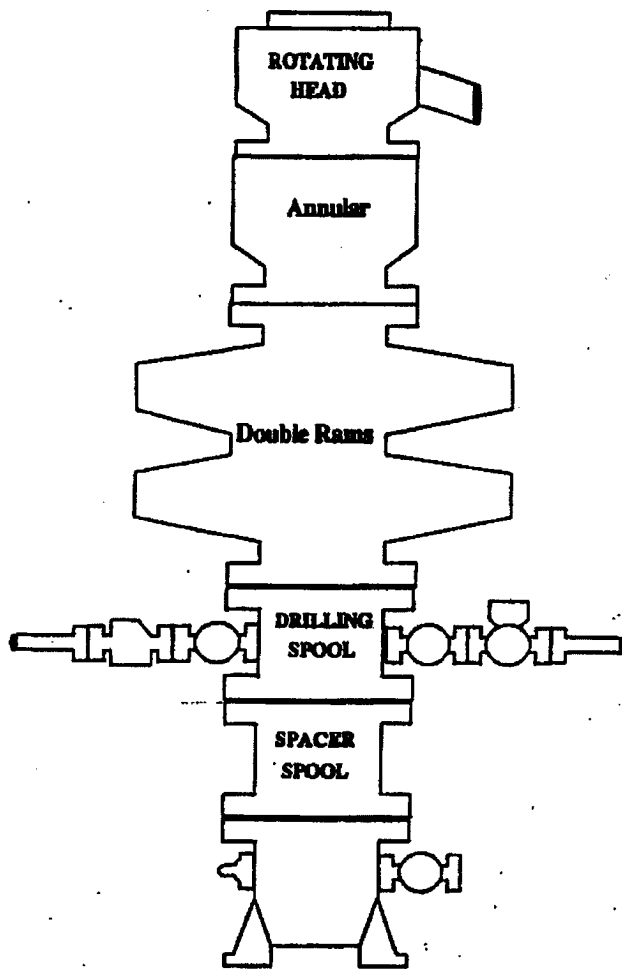
<p>GEODETIC COORDINATES NAD 27 NME Y=666307.8 N X=583757.0 E LAT.=32.831469° N LONG.=104.060656° W</p> <p>DETAIL 3582.6' 3588.9' 600' 600' 3586.9' 3595.7'</p> <p>SEE DETAIL 2185' 1550'</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of 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> 12/20/06 Signature Date Nancy T. Agnew 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 14, 2006 Date Surveyed LA Signature & Seal of Professional Surveyor <u>Gary H. Edson</u> 12/5/06 06.11.1758 Certificate No. GARY EDSON 12841</p>
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SURFACE USE AND OPERATING PLAN

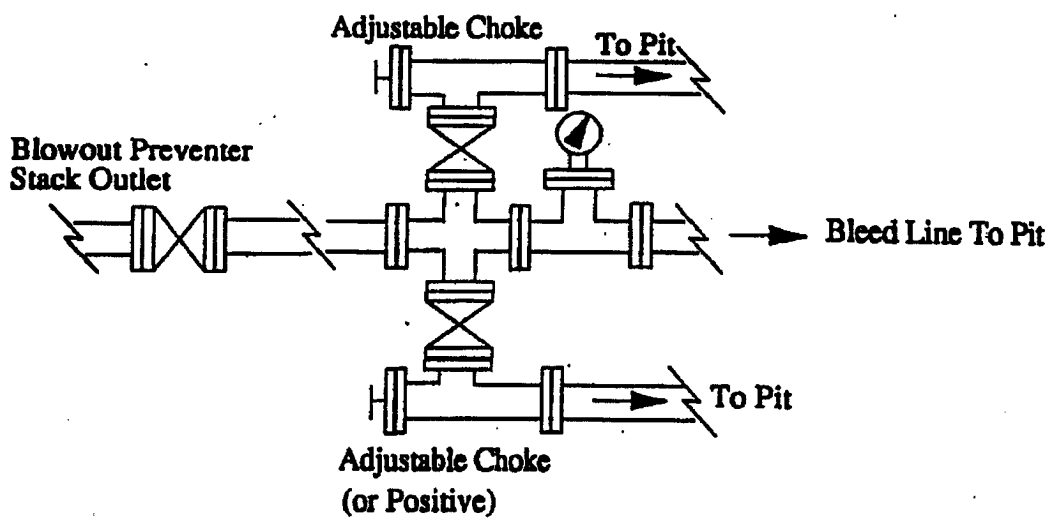
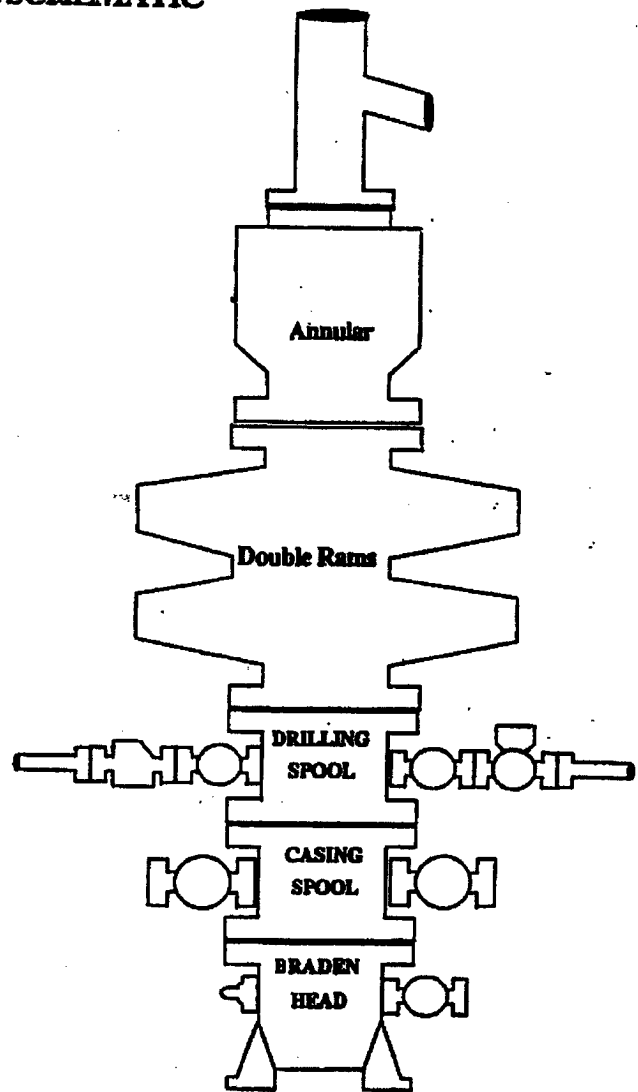
**Dodd Federal Unit #532
1550' FSL & 2185' FEL
Section 15-17S-29E
Eddy County, New Mexico**

- 1.(c) Directions to Locations: From the intersection of St. Hwy #82 and Co. Rd #215 (Kewanee Rd), go West on St. Hwy. #82 approx. 1.1 miles. Turn right and go North approx. 0.5 miles. Turn left and go West approx. 0.2 miles. Turn right and go North approx. 0.2 miles to a proposed road survey. Follow road survey West for approx. 450 feet West to this location.**
- 2. There will be 281' of proposed access road.**
- 4. (a) If productive, this well will use the North tank battery.**

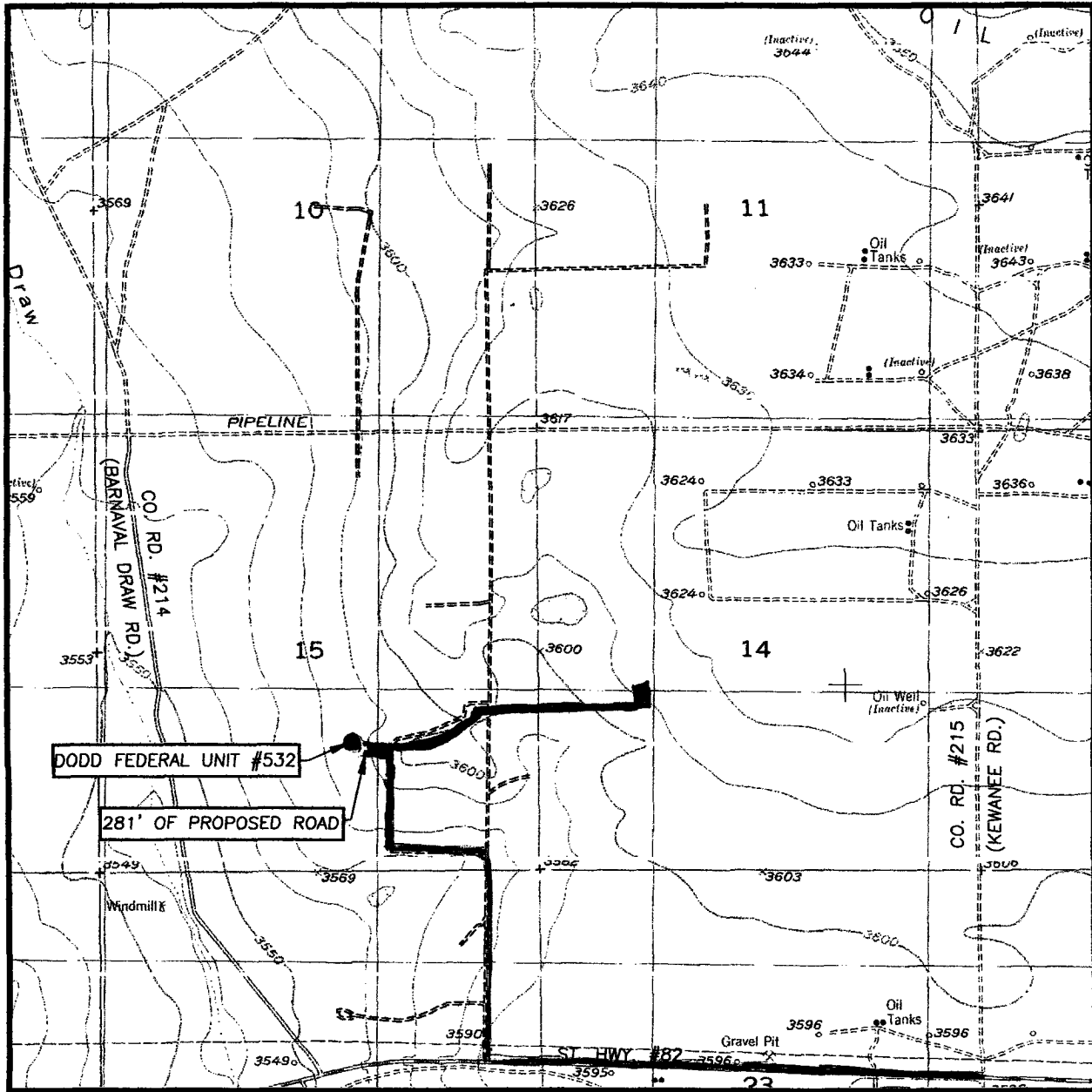
BOPE SCHEMATIC



Choke Manifold



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

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

SEC. 15 TWP. 17-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 1550' FSL & 2185' FEL

ELEVATION 3586'

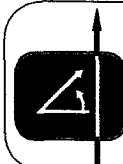
OPERATOR MARBOB ENERGY CORPORATION

LEASE DODD FEDERAL UNIT

U.S.G.S. TOPOGRAPHIC MAP
RED LAKE SE, N.M.

EXISTING ROADS

PROPOSED FLOWLINE ROUTE



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

EXHIBIT #2

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. Dodd Federal # 532
Operator's Name: Marbob Energy Corp.
Location: 1550'FSL, 2185'FEL, SEC15, T17S, R29E, Eddy County, NM
Lease: LC-028731A

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 ABOVE THE SALT, AT LEAST 25 feet INTO THE RUSTLER ANHYDRITE @ APPROXIMATELY 375 FEET, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string. The well bore for this string will be drilled with a fresh water based mud.
2. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall BROUGHT UP TO at least 200 feet above the shoe of the 8.625" surface casing.
3. 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.

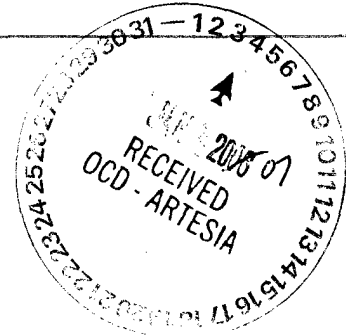
- A variance to test the BOP SYSTEM to the reduced pressure of 1000 psi with the rig pumps is approved.
- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid 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 1/23/07



December 22, 2006



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

Attention: Bryan Arrant

RE: Eddy County, New Mexico

Dodd Federal Unit #521	2310' FNL & 2310' FEL	Section 10, T17S, R29E
Dodd Federal Unit #522	1650' FNL & 330' FEL	Section 10, T17S, R29E
Dodd Federal Unit #529	2310' FNL & 1025' FEL	Section 15, T17S, R29E
Dodd Federal Unit #530	1650' FSL & 990' FEL	Section 15, T17S, R29E
Dodd Federal Unit #531	330' FSL & 2310' FEL	Section 15, T17S, R29E
Dodd Federal Unit #532	1550' FSL & 2185' FEL	Section 15, T17S, R29E
Dodd Federal Unit #533	1275' FSL & 400' FEL	Section 15, T17S, R29E
Dodd Federal Unit #534	975' FNL & 940' FEL	Section 22, T17S, R29E

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 this area 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