

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA



APPLICATION FOR PERMIT TO DRILL OR REENTER

Month - Year
APR 26 2007
OCD - ARTESIA, NM

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 2130' FSL & 1345' FSL

At proposed prod. zone

W C.L. 02/09/07

UNORTHODOX

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

LOCATION

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.

4800'

20. BLM/BIA Bond No. on file

NM 2056

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

3590'

22. Approximate date work will start*

March 15, 2007

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 Name (Printed Typed) William Miller Date 2/5/07

Approved by (Signature) /s/ James Stovall Name (Printed Typed) /s/ James Stovall Date APR 24 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.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1717 States any false, fictitious or fraudulent statements or re

*(Instructions on reverse)

APPROVAL FOR 1 YEAR

illegally to make to any department or agency of the United States

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

Roswell Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS

State of New Mexico

DISTRICT I

1025 N. FRENCH DR., HOBBES, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505Revised October 12, 2005
Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

MAR 08 2007

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 28509	Pool Name Grayburg Jackson - SR - ON - GO - SA
Property Code	Property Name BURCH KEELY UNIT	Well Number 984
OGRID No.	Operator Name MARBOB ENERGY CORPORATION	Elevation 3593'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	24	17-S	29-E		2130	SOUTH	1345	WEST	EDDY

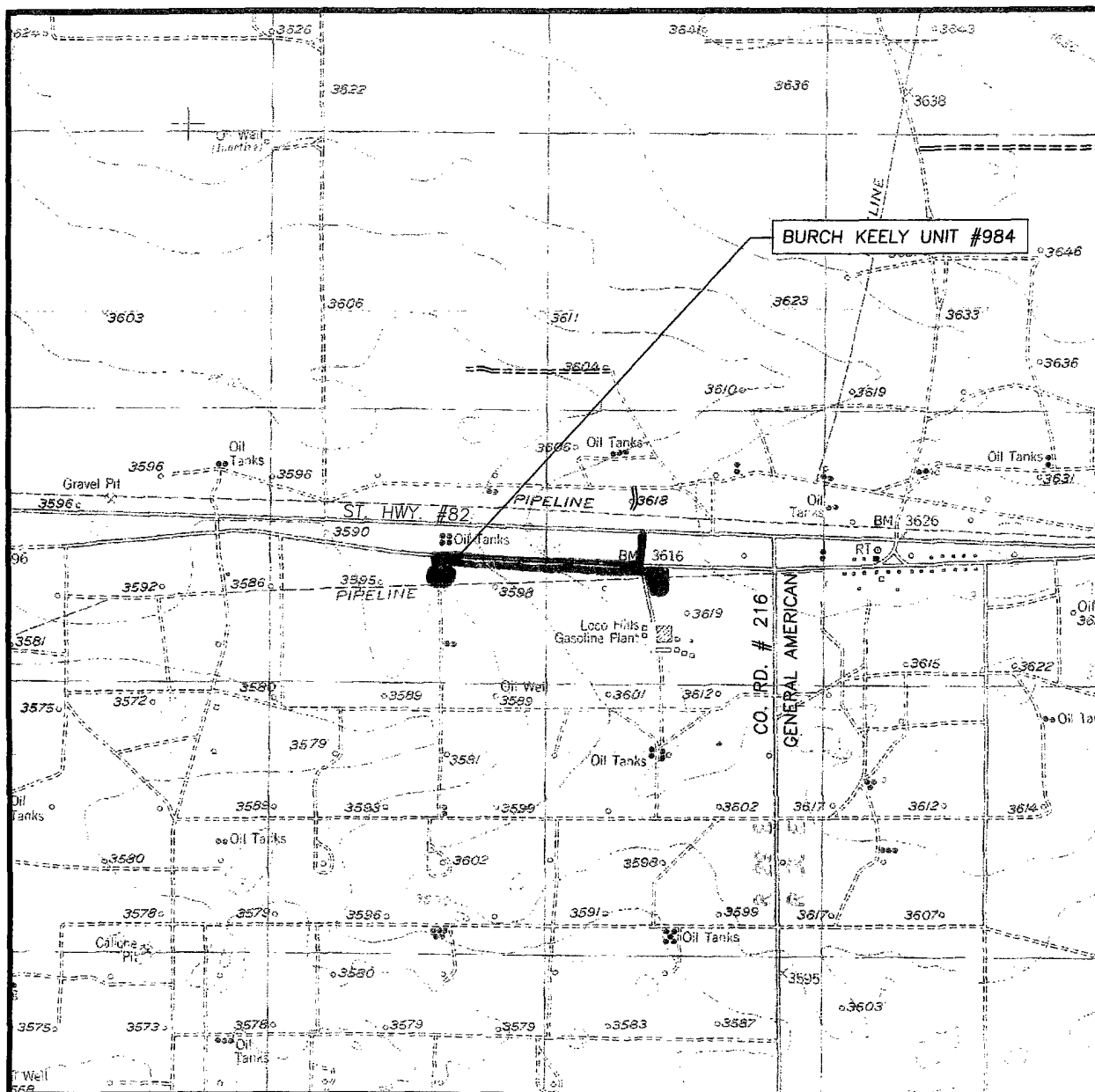
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	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>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><i>[Signature]</i> 3/13/07 Signature Date William Miller 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>JANUARY 09, 2007</p> <p>Date Surveyed AR</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>[Signature]</i> 1/17/07 07.11.0035</p> <p>Certificate No. GARY EIDSON 12641 CHAD HARCROW 17777</p>

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

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

SEC. 24 TWP. 17-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO



DESCRIPTION 2130' FSL & 1345' FWL

ELEVATION 3593'

OPERATOR MARBOB ENERGY CORPORATION

LEASE BURCH KEELY UNIT

U.S.G.S. TOPOGRAPHIC MAP
RED LAKE S.E., 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) 392-3117

Exhibit #2

DRILLING PROGRAM

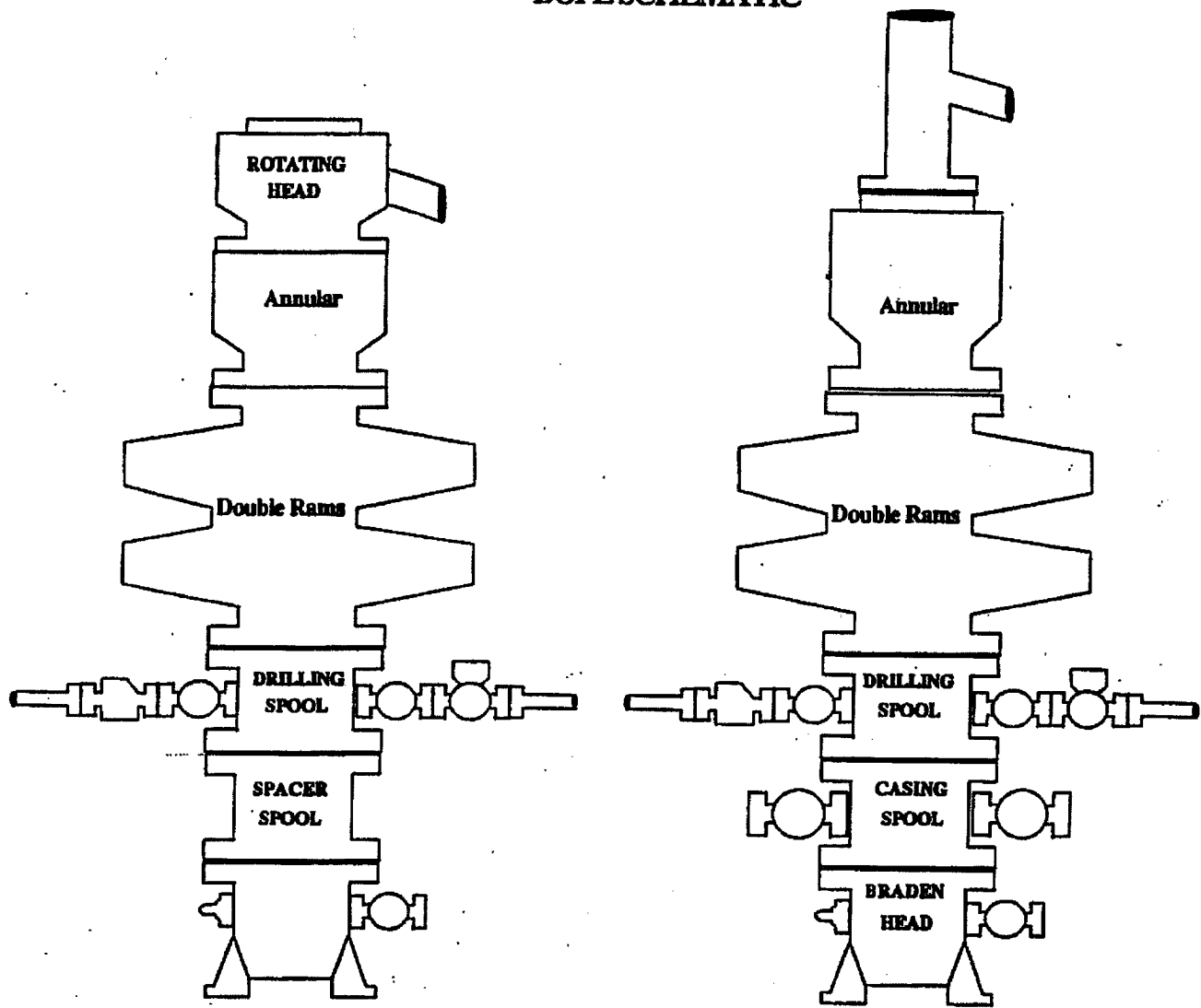
**Burch Keely Unit No. 984
2130' FSL & 1345' FEL, Unit C
Section 24-17S-29E
Eddy County, New Mexico**

10. Anticipated Starting Date and Duration of Operations

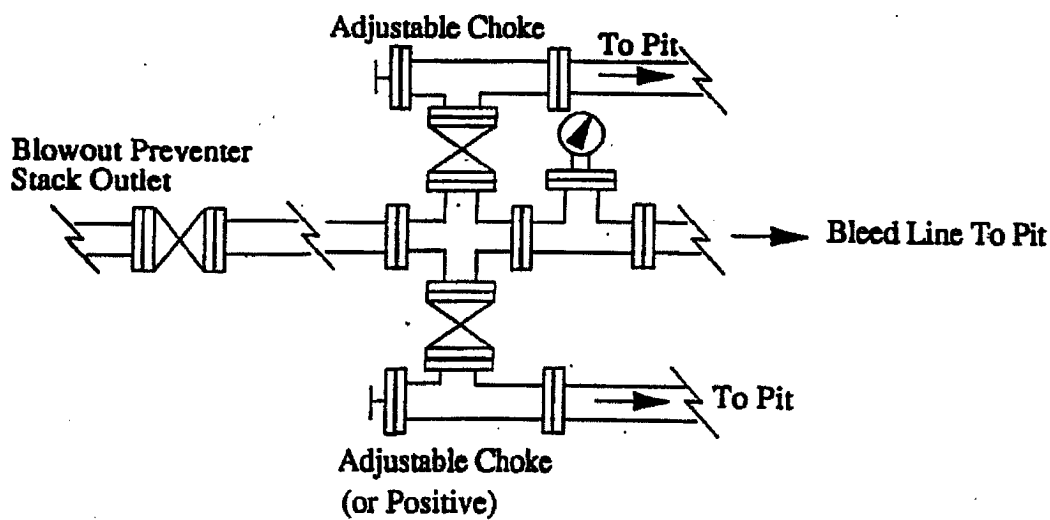
Starting date will be scheduled upon approval.

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.

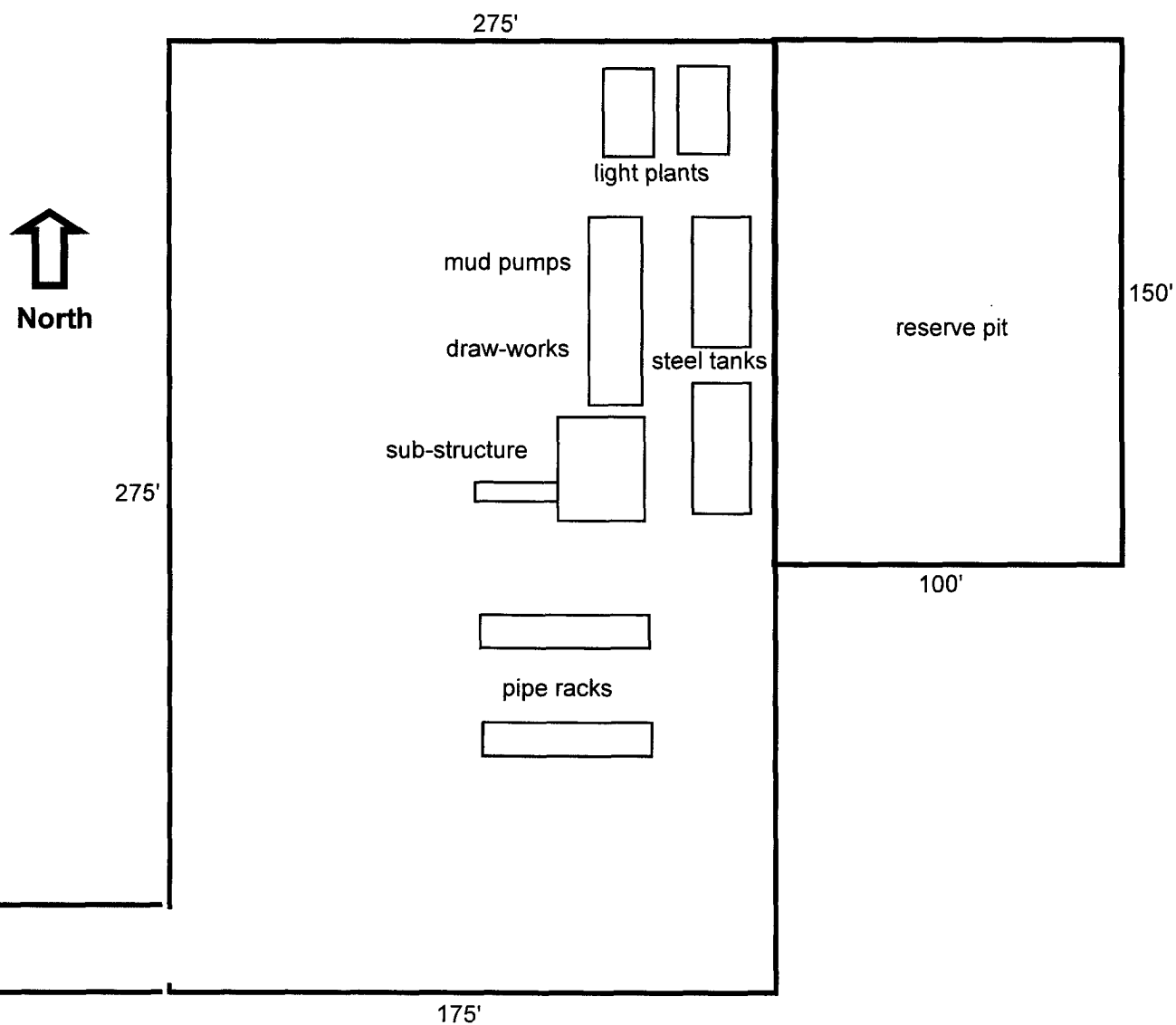
BOPE SCHEMATIC



Choke Manifold



Well Site Lay-Out Plat



Burch Keely #984
2130' FSL & 1345' FEL
Unit K, Sec 24-T17S-29E
Eddy County, New Mexico

EXHIBIT THREE

SURFACE USE AND OPERATING PLAN

**Burch Keely Unit No. 984
2130' FSL & 1345' FEL, Unit C
Section 24-17S-29E
Eddy County, New Mexico**

- 1. (c) Directions to Locations: From the intersection of St. Hwy #82 and Co. Rd #216 (General American Rd.) go West on St. Hwy. #82 approx. 0.3 miles. Turn left and go South approx. 400 feet. Turn right and go West apprx. 0.5 Miles. Turn left and go South approx. 250 Feet. This location is approx. 30 feet East.**
- 2. There is an existing access road already in place.**
- 4. (a) If productive, this well will use Satellite "A".**

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Marbob Energy Corporation
Well Name & No. 984-Burch Keely Unit
Location: 2130' FSL, 1345' FWL, Section 24, T-17-S, R-29-E
Lease: LC-028784-A

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I. DRILLING OPERATIONS REQUIREMENTS:

- A. The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance for a representative to witness:
1. Spudding well
 2. Setting and/or Cementing of all casing strings
 3. BOPE tests
- Eddy County call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822
- B. Although no H₂S has been reported in this section, it has been reported in Sec 21-17-S-30E measuring 1900 ppm in gas streams from a well completed in the Seven Rivers and Grayburg Jackson. It has also been reported in Sec. 17-17S-30E measuring 1600 ppm in gas streams and 1500 ppm in STVs from the Queen, Grayburg Jackson and San Andres, and in Sec 20-17S-30E measuring 10,000 ppm in gas streams and 4000 ppm in STVs from the Grayburg Jackson and Morrow. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated 500 feet prior to drilling into the Queen formation.
- C. 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.
- D. If floor controls are required, (3M or Greater) controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

II. CASING:

- A. The 8-5/8 inch surface casing shall be set a minimum of 25 feet into the Rustler Anhydrite and above the salt at approximately 350 feet and cemented to the surface.
1. 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.
 2. Wait on cement (WOC) time for a primary cement job will be a minimum of 12 hours for a non-water basin, 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compression strength, whichever is greater. (This is to include the lead cement)
 3. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compression strength, whichever is greater.
 4. If cement falls back, remedial action will be done prior to drilling out that string.

Possible lost circulation in the Grayburg and San Andres formations.

Possible water flow in the Salado and Artesia groups.

- B. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall extend a minimum of 200 feet inside the surface casing.**
- C. If hardband drill pipe is rotated inside casing; returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool I joints of the drill pipe will be installed prior to continuing drilling operations.**

III. PRESSURE CONTROL:

- A. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53.**
- B. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** PSI.**
- C. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.**
 - 1. The tests shall be done by an independent service company.**
 - 2. The results of the test shall be reported to the appropriate BLM office.**
 - 3. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**
 - 4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi in accordance with API RP 53. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.**
 - 5. A variance to test the surface casing and BOP/BOPE to the reduced pressure of 1000 psi with the rig pumps is approved.**

Engineer on call phone: 505-706-2779

WWI 030507