10-596

RECEIVED
AUG 24 2010
NMOCD ARTESIA

OCD-ARTESIA

Form 3160-3
(February 2005)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SECRETARY'S POTASH

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

EA N-976

APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No. SL: VO 6322
BL: NMNM035612 NMNM090538 NMNM 058935

6 If Indian, Allotee or Tribe Name

1a Type of work ☑ DRILL ☐ REENTER

7 If Unit or CA Agreement, Name and No

1b Type of Well ☑ Oil Well ☐ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8 Lease Name and Well No (38309)
Dirty Dozen State Com #2H

2 Name of Operator (14049)
Marbob Energy Corporation

9 API Well No
30-015-38149

3a Address **P.O. Box 227, Artesia, NM 88211-0227**

3b Phone No *(include area code)*
575-748-3303

10 Field and Pool, or Exploratory (97650)
WC Williams Sink; Bone Spring

4 Location of Well *(Report location clearly and in accordance with any State requirements *)*
At surface **1980' FNL & 660' FEL**
At proposed prod zone **BHL: 1980' FnL & 330' FEL**

Split Estate

11 Sec, T R M or Blk and Survey or Area
SL: Sec. 36 T19S R31E
BL: Sec. 31 T19S R32E

14 Distance in miles and direction from nearest town or post office*
About 6 miles from Halfway, NM

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
600'	**SL: 320.00 BHL: 320.81**	**200**
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft	19 Proposed Depth	20 BLM/BIA Bond No on file
	TVD: 9400' MD: 14809'	**NMB000412**
21 Elevations (Show whether DF, KDB, RT, GL, etc)	22 Approximate date work will start*	23 Estimated duration
3507' GL	**06/04/2010**	**40 Days**

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No 1, must 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 must 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 BLM

25 Signature	Name *(Printed/Typed)*	Date
Nancy T. Agnew	**Nancy T. Agnew**	**05/28/2010**

Title **Land Department**

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/s/ Linda S.C. Rundell		**AUG 18 2010**

Title	Office
STATE DIRECTOR	**NM STATE 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 TWO YEARS

Title 18 USC Section 1001 and Title 43 USC 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 page 2)

CAPITAN CONTROLLED WATER BASIN

Kz 09/13/10

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

SEE ATTACHED FOR CONDITIONS OF APPROVAL

DISTRICT I
1625 N FRENCH DR, HOBBS, NM 88240

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

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410

DISTRICT IV
11885 S ST FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
11885 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	Pool Name
38149	97650	WC WILLIAMS SINK; BONE SPRING

Property Code	Property Name	Well Number
38309	DIRTY DOZEN STATE COM	2H

OGRID No.	Operator Name	Elevation
14049	MARBOB ENERGY CORPORATION	3507'

Surface Location

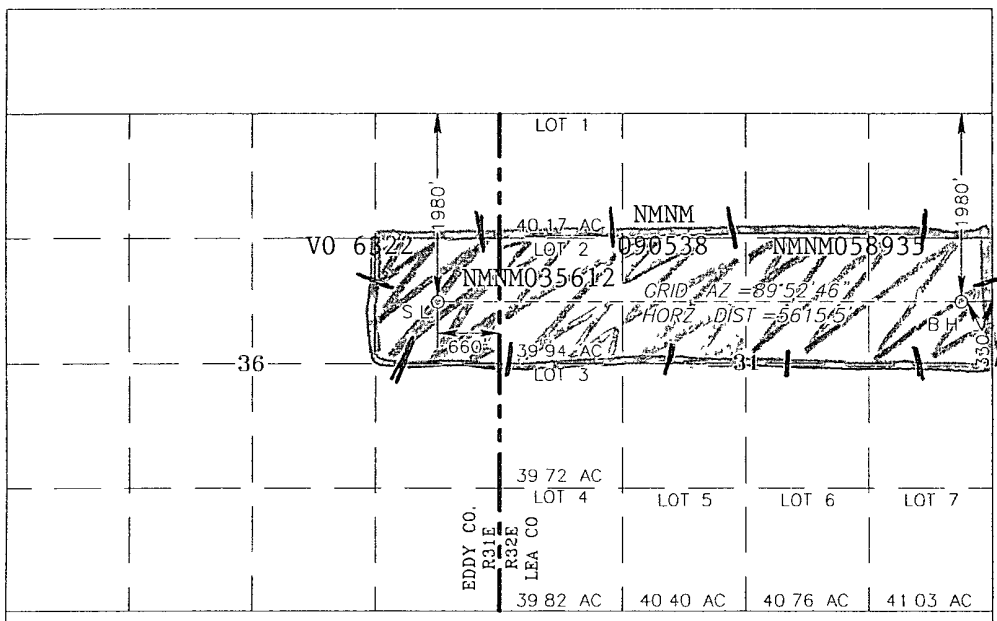
UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	36	19-S	31-E		1980	NORTH	660	EAST	EDDY

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
H	31	19-S	32-E		1980	NORTH	330	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
200			

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



GEODETIC COORDINATES
NAD 27 NME

SURFACE LOCATION
Y=589172.4 N
X=659348.2 E

LAT =32.618672° N
LONG =103.815796° W

BOTTOM HOLE LOCATION
Y=589184.2 N
X=664962.5 E

SCALE 1"=2000'

OPERATOR CERTIFICATION

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

Nancy T. Agnew 5/28/10
Signature Date

NANCY T. AGNEW
Printed Name

SURVEYOR CERTIFICATION

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.

APRIL 30, 2010

Date Surveyed LA

Signature & Seal of Professional Surveyor 12641

Gary G. Eidson 5/14/10

10 11 0609

Certificate No GARY G EIDSON 12641
RONALD J EIDSON 3239

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Date: May 28, 2010

Lease #: SL: V06322
BHL: NM035612, NM090538 + NM058935
Dirty Dozen State Com #2H

Legal Description: SL: Sec. 36-T19S-R31E
BHL: Sec. 31, T19S-R32E
Eddy County, New Mexico

Formation(s): Permian

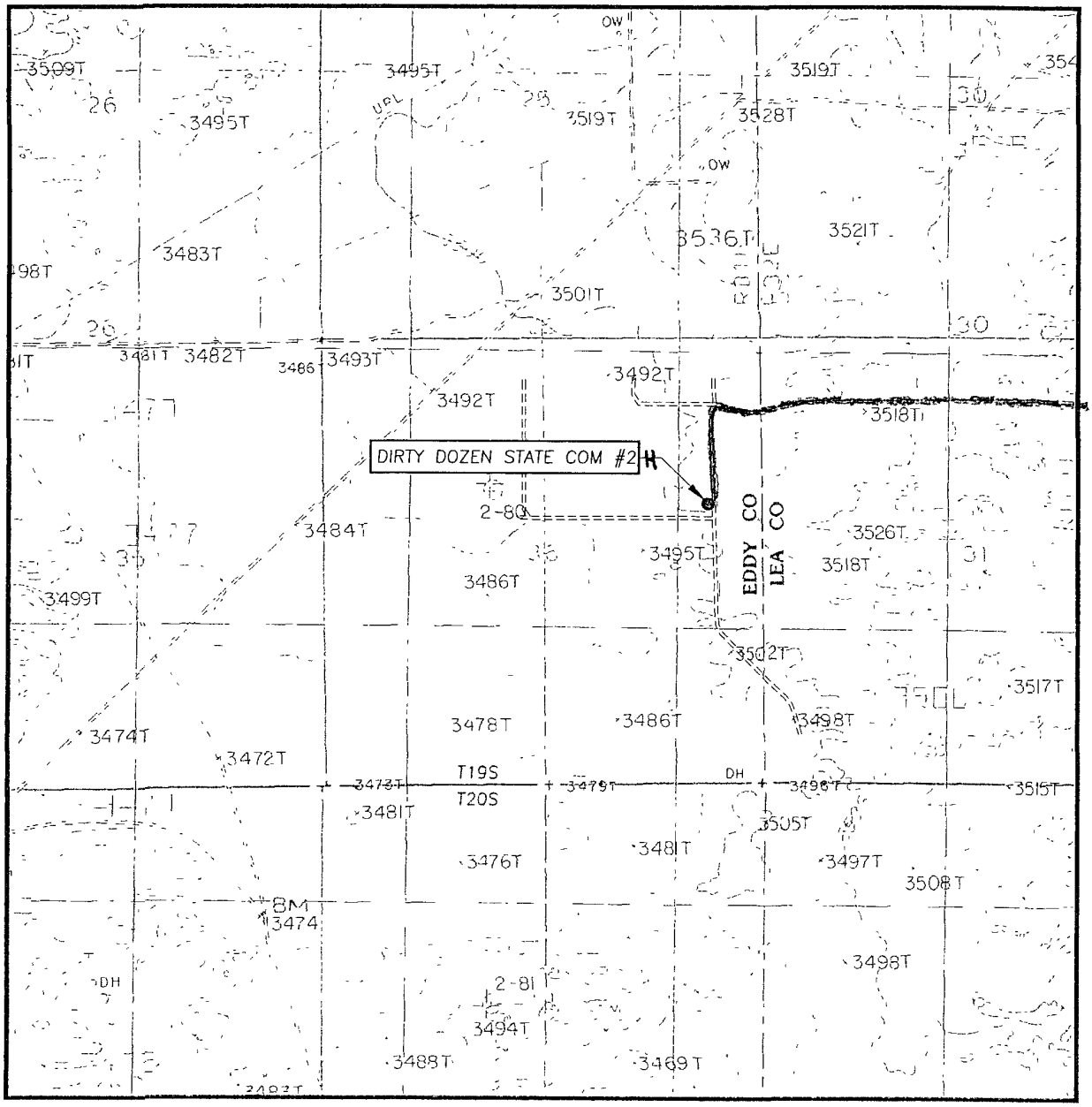
Bond Coverage: Statewide

BLM Bond File #: NMB000412

Marbob Energy Corporation

Nancy Agnew
Land Department

LOCATION VERIFICATION MAP



SCALE 1" = 2000'

CONTOUR INTERVAL
WILLIAMS SINK, N M – 10'
GREENWOOD LAKE, N M – 10'

SEC 36 TWP 19-S RGE 31-E

SURVEY N M P M

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 1980' FNL & 660' FEL

ELEVATION 3507'

OPERATOR MARBOB ENERGY CORPORATION

LEASE DIRTY DOZEN STATE COM

U S G S TOPOGRAPHIC MAP
WILLIAMS SINK, N M

— Existing Roads

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N DAL PASO
HOBBS, N M 88240
(575) 393-3117

Exhibit #2

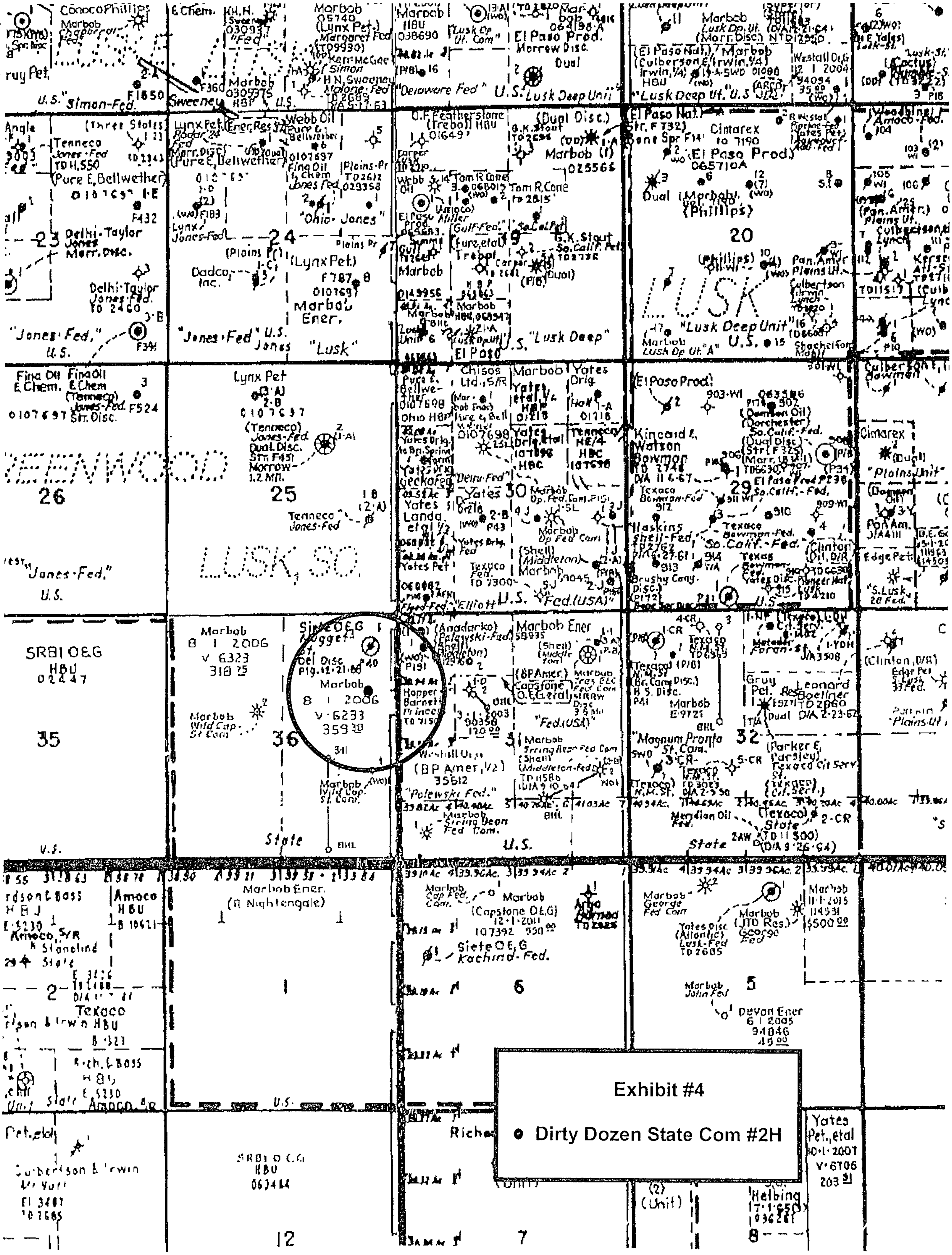


Exhibit #4
Dirty Dozen State Com #2H
LUSK
LUSK, SO.
"Lusk Deep Unit"
"Jones-Fed."
"Lusk"
"Lusk Deep"
"Ohio-Jones"
"Polewski Fed."
"Plains Unit"
Marbob
8 1 2006
V-6233
359 30
Marbob Ener.
(A Nightengale)
Siete O.E.G
Kachina-Fed.
Devon Ener
6 1 2005
94846
Tenneco
Jones-Fed
Texaco
El Paso Prod.
Cimarex
Yates Pet., etal
SRBI O.E.G
HBU
Amoco
State
U.S.
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8

MARBOB ENERGY CORPORATION
DRILLING AND OPERATIONS PROGRAM

Dirty Dozen State Com #2H
Surf: 1980' FNL & 660' FEL, Sec 36, T19S-R31E
BHL: 1980' FNL & 330' FEL, Sec 31, T19S-R32E
Eddy County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Marbob Energy Corporation submits the following ten items of pertinent information in accordance with BLM requirements.

1. Geological surface formation: Permian

2. The estimated tops of geologic markers & estimated depths at which anticipated water, oil or gas formations are expected to be encountered are as follows:

Rustler	875'	
Top of Salt	1040'	
Base of Salt	2535'	
Yates	2785'	Oil
7 Rivers	3065'	
Reef	3165'	
Delaware	4450'	Oil
Bone Spring	7310'	
1st BS	8475'	Oil
2nd BS	9065'	Oil
3rd BS	10030'	Oil
Wolfcamp	10615'	
TD	10815'	
TVD	9400'	
TMD	14809'	

No other formations are expected to give up oil, gas, or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 13 3/8" casing at 900' and circulating cement back to surface. All intervals will be isolated by setting 5 ½" casing to total depth and circulating cement above the base of the 9 5/8" casing.

3. **Proposed Casing Program:**

Hole Size	Interval	OD Casing	New or Used	Wt	Collar	Grade	Collapse Design Factor	Burst Design Factor	Tension Design Factor
17 ½"	0'–900'	13 3/8"	New	54.5#	STC	J-55	1.125	1.125	1.6
12 ¼"	0' – 3450'	9 5/8"	New	36#	BUTT	J-55	1.125	1.125	1.6
12 ¼"	3450' – 4100'	9 5/8"	New	40#	BUTT	J-55	1.125	1.125	1.6
7 7/8"	4100' – 14809'	5 ½"	New	17#	LTC	Top 5000' S95/P110 Bottom ~~10130'~~ N80 9809	1.125	1.125	1.6

* Marbob proposes to drill intermediate hole to 4100' with brine water if lost circulation is encountered in the reef will immediately switch to fresh water and drill to csg setting depth

Revised 715/10

5. Proposed Cement Program:

a. 13 3/8" Surf	Cement to surface with 500 sk "C" light wt 13.5 yield 1.69 Tail in with 200 sk "c" wt 14.8 yield 1.34
b. 9 5/8" Int	cement 1st stage with 300 sk "c" light wt 12.7 yield 1.91 Tail in with 200 sk "c" wt 14.8 yield 1.34. 2nd stage with 600 sk "c" light wt 12.7 yield 1.91 Tail in with 100 sk "c" wt 14.8 yield 1.34 TOC ~~700'~~ Surface - See COA Surf packer stage collar @ 2800'
c. 5 1/2" Prod	Cement 1st stage with 600 sk acid soluble "H" wt 15.0 yield 2.6, second stage with 750 sk "H" light wt 12.7 yield 1.91 Tail in with 100 sk "H" wt 13.0 yield 1.64. DV @ 8850' TOC 2800'

The above cement volumes could be revised pending the caliper measurement from the open hole logs. The top of cement is designed to reach approximately ~~200~~ 1300' - See COA above the 9 5/8" casing shoe. **All casing is new and API approved.**

6. Minimum Specifications for Pressure Control:

Nipple up on 13 3/8 with 2M system tested to 2000 psi, nipple up on 9 5/8 with 3m system tested to 3000# by independent tester

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A 2"kill line and a 3" choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 3000 psi WP rating.

7. Estimated BHP: 3910.4 psi

8. Mud Program: The applicable depths and properties of this system are as follows: See COA

Depth	Type System	Mud Weight	Viscosity (sec)	Waterloss (cc)
0' – 900'	Fresh Water	8.4	29	N.C.
900' – 4100'	Brine	9.9 – 10.0	29	N.C.
4100' – 14809'	Cut Brine	9.0	29	N.C.

The necessary mud products for weight addition and fluid loss control will be on location at all times.

9. Auxiliary Well Control and Monitoring Equipment:

a. A Kelly cock will be in the drill string at all times.
b. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times.
c. Hydrogen Sulfide detection equipment will be in operation after drilling out the 13 3/8" casing shoe until the 5 ½" casing is cemented. Breathing equipment will be on location upon drilling the 13 3/8" shoe until total depth is reached.

10. Testing, Logging and Coring Program:

a. Drill stem tests will be based on geological sample shows.
See COA — b. The open hole electrical logging program will be:
   i. Total Depth to Intermediate Casing: Dual Laterolog-Micro Laterolog and Gamma Ray. Compensated Neutron – Z Density log with Gamma Ray and Caliper.
   ii. Total Depth to Surface: Compensated Neutron with Gamma Ray
   iii. No coring program is planned
   iv. Additional testing will be initiated subsequent to setting the 5 ½" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

11. Potential Hazards:

See COA — a. No abnormal pressures or temperatures are expected. There is no known presence of H2S in this area. If H2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP: 3912.48 psi. No H2S is anticipated to be encountered.

12. Anticipated starting date and Duration of Operations:

a. Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as possible after BLM approval and as soon as a rig will be available. Move in operations and drilling is expected to take 40 days.

marbob
energy corporation
Artesia, N.M.

Marbob

Eddy County
Dirty Dozen State Com
#2
OH

Plan: Plan #1

Pathfinder X & Y Planning Report

25 May, 2010

PATHFINDER

Company:	Marbob	Local Co-ordinate Reference:	Well #2
Project:	Eddy County	TVD Reference:	WELL @ 3524 00ft (17' KB Correction)
Site:	Dirty Dozen State Com	MD Reference:	WELL @ 3524 00ft (17' KB Correction)
Well:	#2	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	Midland Database

Project Eddy County

Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site Dirty Dozen State Com

Site Position:		Northing:	590,452 500 ft	Latitude:	32° 37' 19 885 N
From	Map	Easting:	659,399 600 ft	Longitude:	103° 48' 56 192 W
Position Uncertainty:	0 00 ft	Slot Radius:	"	Grid Convergence:	0 28 °

Well #2

Well Position	+N/-S	0 00 ft	Northing:	589,172.400 ft	Latitude:	32° 37' 7 221 N
	+E/-W	0 00 ft	Easting:	659,348.200 ft	Longitude:	103° 48' 56 865 W
Position Uncertainty		0 00 ft	Wellhead Elevation:	ft	Ground Level:	3,507 00 ft

Wellbore OH

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	05/25/2010	7 84	60 55	48,964

Design Plan #1

Audit Notes:

Version:		Phase:	PLAN	Tie On Depth:	0.00

Vertical Section:	Depth From (TVD) (ft)	+N/-S (ft)	+E/-W (ft)	Direction (°)
	0 00	0 00	0 00	89 88

Survey Tool Program Date 05/25/2010

From (ft)	To (ft)	Survey (Wellbore)	Tool Name	Description
0 00	14,809 37	Plan #1 (OH)	MWD	MWD - Standard

Company:	Marbob	**Local Co-ordinate Reference:**	Well #2
Project:	Eddy County	**TVD Reference:**	WELL @ 3524 00ft (17' KB Correction)
Site:	Dirty Dozen State Com	**MD Reference:**	WELL @ 3524 00ft (17' KB Correction)
Well:	#2	**North Reference:**	Grid
Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1	**Database:**	Midland Database

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
0 00	0 00	0 00	0 00	-3,524 00	0 00	0 00	0 00	0.00	589,172 40	659,348 20
100 00	0 00	0 00	100 00	-3,424 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
200 00	0 00	0 00	200 00	-3,324 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
300 00	0 00	0 00	300 00	-3,224 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
400 00	0 00	0 00	400 00	-3,124 00	0 00	0 00	0 00	0.00	589,172 40	659,348 20
500 00	0 00	0 00	500 00	-3,024 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
600 00	0 00	0 00	600 00	-2,924 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
700 00	0 00	0 00	700 00	-2,824 00	0 00	0 00	0 00	0 00	589,172.40	659,348 20
800 00	0 00	0 00	800 00	-2,724 00	0 00	0 00	0 00	0.00	589,172 40	659,348 20
900 00	0 00	0 00	900 00	-2,624 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
1,000 00	0 00	0 00	1,000 00	-2,524 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
1,100 00	0 00	0 00	1,100 00	-2,424 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
1,200 00	0 00	0 00	1,200 00	-2,324 00	0 00	0 00	0.00	0 00	589,172 40	659,348 20
1,300 00	0 00	0 00	1,300 00	-2,224 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
1,400 00	0 00	0 00	1,400 00	-2,124 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
1,500 00	0 00	0 00	1,500 00	-2,024 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
1,600 00	0 00	0 00	1,600 00	-1,924 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
1,700 00	0 00	0 00	1,700 00	-1,824 00	0 00	0 00	0 00	0.00	589,172 40	659,348 20
1,800 00	0 00	0 00	1,800 00	-1,724 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
1,900 00	0 00	0 00	1,900 00	-1,624 00	0 00	0 00	0 00	0 00	589,172.40	659,348 20
2,000 00	0 00	0 00	2,000 00	-1,524 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
2,100 00	0 00	0 00	2,100 00	-1,424 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
2,200 00	0 00	0 00	2,200 00	-1,324 00	0 00	0 00	0.00	0.00	589,172.40	659,348 20
2,300 00	0 00	0 00	2,300 00	-1,224 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
2,400 00	0 00	0 00	2,400 00	-1,124 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
2,500 00	0 00	0 00	2,500 00	-1,024 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
2,600 00	0 00	0 00	2,600 00	-924 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20

Company:	Marbob	**Local Co-ordinate Reference:**	Well #2
Project:	Eddy County	**TVD Reference:**	WELL @ 3524 00ft (17' KB Correction)
Site:	Dirty Dozen State Com	**MD Reference:**	WELL @ 3524 00ft (17' KB Correction)
Well:	#2	**North Reference:**	Grid
Wellbore:	OH	**Survey Calculation Method:**	Minimum Curvature
Design:	Plan #1	**Database:**	Midland Database

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
2,700 00	0 00	0 00	2,700 00	-824 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
2,800 00	0 00	0 00	2,800 00	-724 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
2,900 00	0 00	0 00	2,900 00	-624 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
3,000 00	0 00	0 00	3,000 00	-524 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
3,100 00	0 00	0 00	3,100 00	-424 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
3,200 00	0 00	0 00	3,200 00	-324 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
3,300 00	0 00	0 00	3,300 00	-224 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
3,400 00	0 00	0 00	3,400 00	-124 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
3,500 00	0 00	0 00	3,500 00	-24 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
3,600 00	0 00	0 00	3,600 00	76.00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
3,700 00	0 00	0 00	3,700 00	176 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
3,800 00	0 00	0 00	3,800 00	276 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
3,900 00	0 00	0 00	3,900 00	376 00	0 00	0 00	0 00	0 00	589,172 40	659,348.20
4,000 00	0 00	0 00	4,000 00	476 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
4,100 00	0 00	0 00	4,100 00	576 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
4,200 00	0 00	0 00	4,200 00	676 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
4,300 00	0 00	0 00	4,300 00	776 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
4,400.00	0 00	0 00	4,400 00	876 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
4,500 00	0 00	0 00	4,500 00	976 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
4,600 00	0 00	0 00	4,600 00	1,076 00	0.00	0 00	0 00	0 00	589,172 40	659,348 20
4,700 00	0 00	0 00	4,700 00	1,176 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
4,800 00	0 00	0 00	4,800 00	1,276 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
4,900 00	0 00	0 00	4,900 00	1,376 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
5,000 00	0 00	0 00	5,000 00	1,476 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
5,100 00	0 00	0 00	5,100 00	1,576 00	0 00	0 00	0 00	0 00	589,172 40	659,348.20
5,200.00	0 00	0.00	5,200 00	1,676 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
5,300 00	0 00	0 00	5,300 00	1,776 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20

Company:	Marbob	Local Co-ordinate Reference:	Well #2
Project:	Eddy County	TVD Reference:	WELL @ 3524 00ft (17' KB Correction)
Site:	Dirty Dozen State Com	MD Reference:	WELL @ 3524 00ft (17' KB Correction)
Well:	#2	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	Midland Database

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
5,400 00	0 00	0 00	5,400 00	1,876 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
5,500 00	0 00	0 00	5,500 00	1,976 00	0 00	0 00	0.00	0 00	589,172 40	659,348 20
5,600 00	0 00	0 00	5,600 00	2,076 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
5,700 00	0 00	0 00	5,700 00	2,176 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
5,800.00	0 00	0 00	5,800 00	2,276 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
5,900.00	0 00	0 00	5,900 00	2,376 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
6,000 00	0 00	0 00	6,000 00	2,476 00	0.00	0 00	0 00	0 00	589,172 40	659,348 20
6,100.00	0 00	0 00	6,100 00	2,576 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
6,200.00	0 00	0 00	6,200 00	2,676 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
6,300 00	0 00	0 00	6,300 00	2,776 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
6,400 00	0 00	0 00	6,400 00	2,876 00	0.00	0 00	0 00	0 00	589,172 40	659,348 20
6,500.00	0 00	0 00	6,500 00	2,976 00	0 00	0 00	0.00	0 00	589,172 40	659,348 20
6,600.00	0 00	0 00	6,600 00	3,076 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
6,700.00	0 00	0 00	6,700 00	3,176 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
6,800.00	0 00	0 00	6,800 00	3,276 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
6,900.00	0 00	0 00	6,900 00	3,376 00	0.00	0 00	0 00	0 00	589,172 40	659,348 20
7,000.00	0 00	0 00	7,000 00	3,476 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
7,100 00	0 00	0 00	7,100 00	3,576 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
7,200 00	0 00	0 00	7,200 00	3,676 00	0 00	0 00	0 00	0 00	589,172.40	659,348 20
7,300.00	0 00	0 00	7,300 00	3,776 00	0 00	0 00	0.00	0 00	589,172.40	659,348 20
7,400.00	0 00	0 00	7,400 00	3,876 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
7,500 00	0 00	0 00	7,500 00	3,976 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
7,600 00	0 00	0 00	7,600 00	4,076 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
7,700 00	0 00	0 00	7,700 00	4,176 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
7,800 00	0 00	0 00	7,800 00	4,276 00	0 00	0 00	0 00	0 00	589,172.40	659,348 20
7,900 00	0 00	0 00	7,900 00	4,376 00	0 00	0.00	0.00	0 00	589,172 40	659,348 20
8,000 00	0 00	0 00	8,000 00	4,476 00	0.00	0 00	0 00	0 00	589,172 40	659,348 20

Company:	Marbob	Local Co-ordinate Reference:	Well #2
Project:	Eddy County	TVD Reference:	WELL @ 3524 00ft (17' KB Correction)
Site:	Dirty Dozen State Com	MD Reference:	WELL @ 3524 00ft (17' KB Correction)
Well:	#2	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	Midland Database

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
8,100 00	0 00	0 00	8,100 00	4,576 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
8,200 00	0 00	0 00	8,200 00	4,676 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
8,300 00	0 00	0 00	8,300 00	4,776 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
8,400 00	0 00	0 00	8,400 00	4,876 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
8,500 00	0 00	0 00	8,500 00	4,976 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
8,600 00	0 00	0 00	8,600 00	5,076 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
8,700 00	0 00	0 00	8,700 00	5,176 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
8,800 00	0 00	0 00	8,800 00	5,276 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
8,900 00	0 00	0 00	8,900 00	5,376 00	0 00	0 00	0 00	0 00	589,172 40	659,348 20
8,922 50	0 00	0 00	8,922 50	5,398 50	0 00	0.00	0 00	0 00	589,172 40	659,348 20
8,925 00	0 30	89 88	8,925 00	5,401 00	0 00	0 01	0 01	12 00	589,172 40	659,348 21
8,950 00	3 30	89 88	8,949 98	5,425 98	0 00	0 79	0 79	12 00	589,172 40	659,348 99
8,975 00	6 30	89 88	8,974 89	5,450 89	0 01	2 88	2 88	12 00	589,172 41	659,351 08
9,000 00	9 30	89 88	8,999 66	5,475 66	0 01	6 28	6 28	12 00	589,172 41	659,354 48
9,025 00	12 30	89 88	9,024 21	5,500 21	0 02	10 96	10 96	12 00	589,172 42	659,359 16
9,050 00	15 30	89 88	9,048 49	5,524 49	0 04	16 92	16 92	12 00	589,172 44	659,365 12
9,075 00	18 30	89 88	9,072 42	5,548 42	0 05	24.15	24 15	12 00	589,172 45	659,372 35
9,100 00	21 30	89 88	9,095 94	5,571 94	0 07	32 61	32 61	12 00	589,172 47	659,380 81
9,125 00	24 30	89 88	9,118 98	5,594 98	0 09	42 30	42 30	12 00	589,172 49	659,390 50
9,150 00	27 30	89 88	9,141 49	5,617 49	0 11	53 18	53 18	12 00	589,172.51	659,401 38
9,175 00	30 30	89 88	9,163 40	5,639 40	0 14	65 22	65 22	12 00	589,172 54	659,413 42
9,200 00	33 30	89 88	9,184 64	5,660 64	0 16	78 39	78 39	12 00	589,172.56	659,426 59
9,225 00	36 30	89 88	9,205 17	5,681 17	0 19	92 66	92 66	12 00	589,172 59	659,440 86
9,250 00	39 30	89 88	9,224 92	5,700 92	0 23	107 98	107.98	12 00	589,172 63	659,456 18
9,275 00	42 30	89 88	9,243 84	5,719 84	0 26	124 31	124 31	12 00	589,172 66	659,472 51
9,300 00	45 30	89 88	9,261 89	5,737 89	0.30	141 61	141 61	12 00	589,172 70	659,489 81
9,325.00	48 30	89 88	9,279 00	5,755 00	0 33	159 83	159 83	12 00	589,172 73	659,508 03

Company:	Marbob	Local Co-ordinate Reference:	Well #2
Project:	Eddy County	TVD Reference:	WELL @ 3524 00ft (17' KB Correction)
Site:	Dirty Dozen State Com	MD Reference:	WELL @ 3524 00ft (17' KB Correction)
Well:	#2	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	Midland Database

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
9,350 00	51 30	89 88	9,295 14	5,771 14	0 37	178.92	178 92	12 00	589,172 77	659,527 12
9,375 00	54 30	89 88	9,310 25	5,786 25	0 42	198 83	198 83	12 00	589,172 82	659,547 03
9,400 00	57 30	89 88	9,324 30	5,800 30	0 46	219 51	219 51	12 00	589,172 86	659,567 71
9,425 00	60 30	89 88	9,337 25	5,813 25	0 50	240 89	240 89	12.00	589,172 90	659,589 09
9,450 00	63 30	89 88	9,349 07	5,825 07	0 55	262 91	262 92	12 00	589,172.95	659,611 11
9,475 00	66 30	89 88	9,359.71	5,835 71	0 60	285 53	285 53	12 00	589,173 00	659,633 73
9,500 00	69 29	89 88	9,369 16	5,845 16	0 65	308 68	308 68	12 00	589,173 05	659,656 88
9,525 00	72 29	89 88	9,377 38	5,853 38	0 70	332 28	332 28	12 00	589,173 10	659,680 48
9,550 00	75 29	89 88	9,384 36	5,860 36	0 75	356 29	356 29	12 00	589,173 15	659,704 49
9,575 00	78 29	89 88	9,390 07	5,866 07	0 80	380 62	380 62	12 00	589,173 20	659,728 82
9,600 00	81 29	89 88	9,394 50	5,870 50	0 85	405 22	405 22	12 00	589,173 25	659,753 42
9,625 00	84 29	89 88	9,397 63	5,873 63	0 90	430 02	430 02	12 00	589,173 30	659,778 22
9,650.00	87 29	89 88	9,399 47	5,875 47	0 95	454 95	454.95	12 00	589,173 35	659,803 15
9,672.56	90 00	89 88	9,400 00	5,876 00	1 00	477 50	477 50	12.00	589,173 40	659,825 70
9,700 00	90 00	89 88	9,400 00	5,876 00	1 06	504.94	504 94	0 00	589,173 46	659,853 14
9,800 00	90 00	89 88	9,400 00	5,876 00	1 27	604 94	604 94	0 00	589,173 67	659,953 14
9,900 00	90 00	89 88	9,400 00	5,876 00	1 48	704 94	704 94	0 00	589,173 88	660,053 14
10,000 00	90 00	89 88	9,400 00	5,876 00	1 69	804 94	804 94	0 00	589,174 09	660,153 14
10,100 00	90 00	89 88	9,400 00	5,876 00	1 90	904 94	904 94	0 00	589,174 30	660,253 14
10,200 00	90 00	89 88	9,400 00	5,876 00	2 10	1,004 94	1,004 94	0 00	589,174 50	660,353 14
10,300.00	90 00	89 88	9,400 00	5,876 00	2 31	1,104 94	1,104 94	0 00	589,174 71	660,453 14
10,400 00	90 00	89 88	9,400 00	5,876 00	2 52	1,204.94	1,204 94	0 00	589,174 92	660,553 14
10,500 00	90 00	89 88	9,400 00	5,876 00	2 73	1,304 94	1,304 94	0 00	589,175 13	660,653 14
10,600 00	90 00	89 88	9,400 00	5,876 00	2 94	1,404 94	1,404 94	0 00	589,175 34	660,753 14
10,700 00	90 00	89 88	9,400 00	5,876 00	3 15	1,504 94	1,504 94	0 00	589,175 55	660,853 14
10,800 00	90 00	89 88	9,400 00	5,876 00	3 36	1,604 94	1,604 94	0 00	589,175 76	660,953 14
10,900 00	90 00	89 88	9,400 00	5,876 00	3 57	1,704 94	1,704 94	0 00	589,175 97	661,053 14

Company:	Marbob	Local Co-ordinate Reference:	Well #2
Project:	Eddy County	TVD Reference:	WELL @ 3524 00ft (17' KB Correction)
Site:	Dirty Dozen State Com	MD Reference:	WELL @ 3524 00ft (17' KB Correction)
Well:	#2	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	Midland Database

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
11,000 00	90 00	89 88	9,400 00	5,876.00	3 78	1,804 94	1,804 94	0 00	589,176 18	661,153 14
11,100 00	90 00	89 88	9,400 00	5,876 00	3 99	1,904 94	1,904 94	0 00	589,176 39	661,253 14
11,200 00	90 00	89 88	9,400 00	5,876 00	4 20	2,004 94	2,004 94	0 00	589,176 60	661,353 14
11,300 00	90 00	89 88	9,400 00	5,876 00	4 41	2,104 94	2,104 94	0 00	589,176 81	661,453 14
11,400 00	90 00	89 88	9,400 00	5,876 00	4 62	2,204 94	2,204 94	0 00	589,177 02	661,553 14
11,500.00	90 00	89 88	9,400 00	5,876 00	4 83	2,304 94	2,304 94	0 00	589,177 23	661,653 14
11,600 00	90 00	89 88	9,400 00	5,876 00	5 04	2,404.94	2,404.94	0 00	589,177 44	661,753 14
11,700 00	90 00	89 88	9,400 00	5,876 00	5 25	2,504 94	2,504 94	0 00	589,177 65	661,853 14
11,800.00	90 00	89 88	9,400 00	5,876 00	5 46	2,604 94	2,604 94	0 00	589,177 86	661,953 14
11,900.00	90 00	89 88	9,400 00	5,876 00	5 67	2,704 94	2,704 94	0 00	589,178 07	662,053 14
12,000 00	90 00	89 88	9,400 00	5,876 00	5 87	2,804 94	2,804 94	0 00	589,178 27	662,153 14
12,100.00	90 00	89 88	9,400 00	5,876 00	6 08	2,904 94	2,904 94	0 00	589,178 48	662,253 14
12,200.00	90 00	89 88	9,400 00	5,876 00	6 29	3,004 94	3,004 94	0 00	589,178 69	662,353 14
12,300 00	90 00	89 88	9,400 00	5,876 00	6 50	3,104 94	3,104 94	0 00	589,178 90	662,453 14
12,400 00	90 00	89 88	9,400 00	5,876 00	6 71	3,204 94	3,204 94	0 00	589,179 11	662,553 14
12,500.00	90 00	89 88	9,400 00	5,876 00	6 92	3,304 94	3,304 94	0.00	589,179 32	662,653 14
12,600 00	90 00	89 88	9,400 00	5,876 00	7 13	3,404 94	3,404 94	0 00	589,179 53	662,753 14
12,700 00	90 00	89 88	9,400 00	5,876 00	7 34	3,504 94	3,504 94	0 00	589,179 74	662,853 14
12,800 00	90 00	89 88	9,400 00	5,876 00	7 55	3,604 94	3,604 94	0 00	589,179 95	662,953 14
12,900 00	90 00	89 88	9,400 00	5,876 00	7 76	3,704 94	3,704 94	0 00	589,180 16	663,053 14
13,000 00	90 00	89 88	9,400 00	5,876 00	7 97	3,804 94	3,804.94	0 00	589,180 37	663,153 14
13,100 00	90 00	89 88	9,400 00	5,876 00	8 18	3,904 94	3,904 94	0 00	589,180 58	663,253 14
13,200 00	90 00	89 88	9,400 00	5,876 00	8 39	4,004 94	4,004 94	0 00	589,180 79	663,353 14
13,300 00	90 00	89 88	9,400 00	5,876 00	8 60	4,104 94	4,104 94	0 00	589,181 00	663,453 14
13,400 00	90 00	89 88	9,400 00	5,876 00	8 81	4,204 94	4,204 94	0 00	589,181 21	663,553 14
13,500 00	90 00	89 88	9,400 00	5,876 00	9 02	4,304 94	4,304 94	0 00	589,181 42	663,653 14
13,600 00	90 00	89 88	9,400 00	5,876 00	9 23	4,404.94	4,404 94	0 00	589,181 63	663,753 14

Company:	Marbob	Local Co-ordinate Reference:	Well #2
Project:	Eddy County	TVD Reference:	WELL @ 3524.00ft (17' KB Correction)
Site:	Dirty Dozen State Com	MD Reference:	WELL @ 3524.00ft (17' KB Correction)
Well:	#2	North Reference:	Grid
Wellbore:	OH	Survey Calculation Method:	Minimum Curvature
Design:	Plan #1	Database:	Midland Database

Planned Survey

MD (ft)	Inc (°)	Azi (°)	TVD (ft)	TVDSS (ft)	N/S (ft)	E/W (ft)	V. Sec (ft)	DLeg (°/100ft)	Northing (ft)	Easting (ft)
13,700 00	90 00	89 88	9,400 00	5,876 00	9 44	4,504 93	4,504 94	0 00	589,181 84	663,853 13
13,800 00	90 00	89 88	9,400 00	5,876 00	9 64	4,604 93	4,604.94	0 00	589,182 04	663,953 13
13,900 00	90 00	89 88	9,400 00	5,876 00	9 85	4,704 93	4,704 94	0 00	589,182 25	664,053 13
14,000 00	90 00	89 88	9,400 00	5,876 00	10 06	4,804 93	4,804 94	0 00	589,182 46	664,153 13
14,100 00	90 00	89 88	9,400 00	5,876 00	10 27	4,904 93	4,904 94	0 00	589,182 67	664,253 13
14,200 00	90 00	89 88	9,400 00	5,876 00	10 48	5,004 93	5,004 94	0 00	589,182 88	664,353 13
14,300 00	90 00	89 88	9,400 00	5,876 00	10 69	5,104 93	5,104 94	0 00	589,183 09	664,453 13
14,400 00	90 00	89 88	9,400 00	5,876 00	10 90	5,204 93	5,204 94	0 00	589,183 30	664,553 13
14,500 00	90 00	89 88	9,400 00	5,876 00	11 11	5,304 93	5,304 94	0 00	589,183 51	664,653 13
14,600 00	90 00	89 88	9,400 00	5,876 00	11 32	5,404.93	5,404 94	0 00	589,183 72	664,753 13
14,700 00	90 00	89 88	9,400 00	5,876 00	11 53	5,504 93	5,504 94	0 00	589,183 93	664,853 13
14,809 37	90 00	89 88	9,400 00	5,876 00	11 76	5,614.30	5,614 31	0 00	589,184 16	664,962 50
PBHL(DD#2)										

Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
PBHL(DD#2) - plan hits target center - Point	0 00	0 00	9,400 00	11 80	5,614 30	589,184 200	664,962 500	32° 37' 7 062 N	103° 47' 51 224 W

Checked By _____ Approved By: _____ Date. _____

marbob
energy corporation
Artesia, N.M.

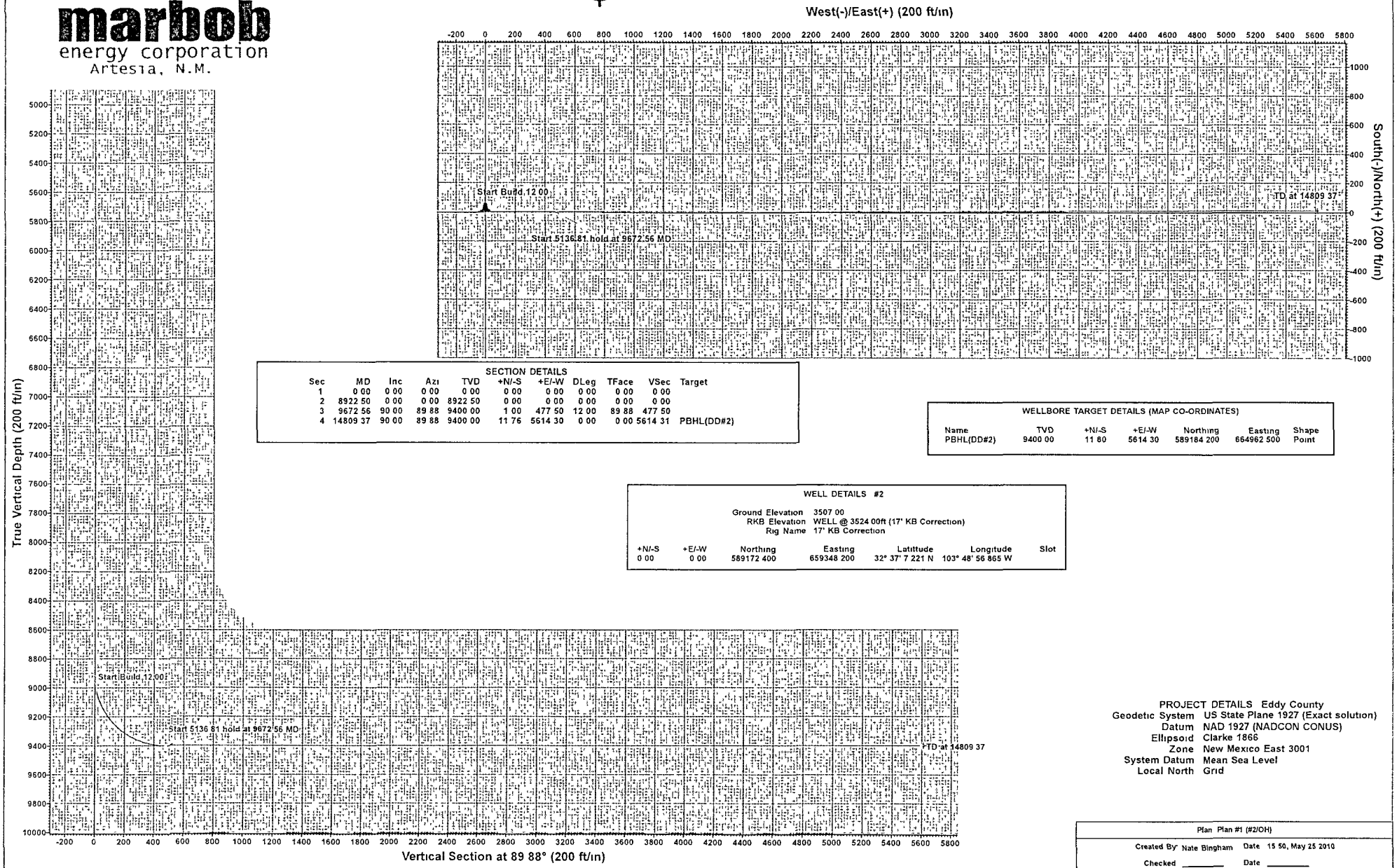
Project: Eddy County
Site: Dirty Dozen State Co
Well: #2
Wellbore OH
Plan: Plan #1 (#2/OH)

G
T M

Azimuths to Grid North
True North -0 28°
Magnetic North 7 56°

Magnetic Field
Strength 48963.6snT
Dip Angle 60 55°
Date 05/25/2010
Model IGRF200510

PATHFINDER



SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	
2	8922 50	0 00	0 00	8922 50	0 00	0 00	0 00	0 00	0 00	
3	9672 56	90 00	89 88	9400 00	1 00	477 50	12 00	89 88	477 50	
4	14809 37	90 00	89 88	9400 00	11 76	5614 30	0 00	0 00	5614 31	PBHL(DD#2)

WELLBORE TARGET DETAILS (MAP CO-ORDINATES)

Name	TVD	+N/-S	+E/-W	Northing	Easting	Shape
PBHL(DD#2)	9400 00	11 80	5614 30	589184 200	664962 500	Point

WELL DETAILS #2

Ground Elevation 3507 00
RKB Elevation WELL @ 3524 00ft (17' KB Correction)
Rig Name 17' KB Correction

+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
0 00	0 00	589172 400	659348 200	32° 37' 7 221 N	103° 48' 56 865 W	

PROJECT DETAILS Eddy County

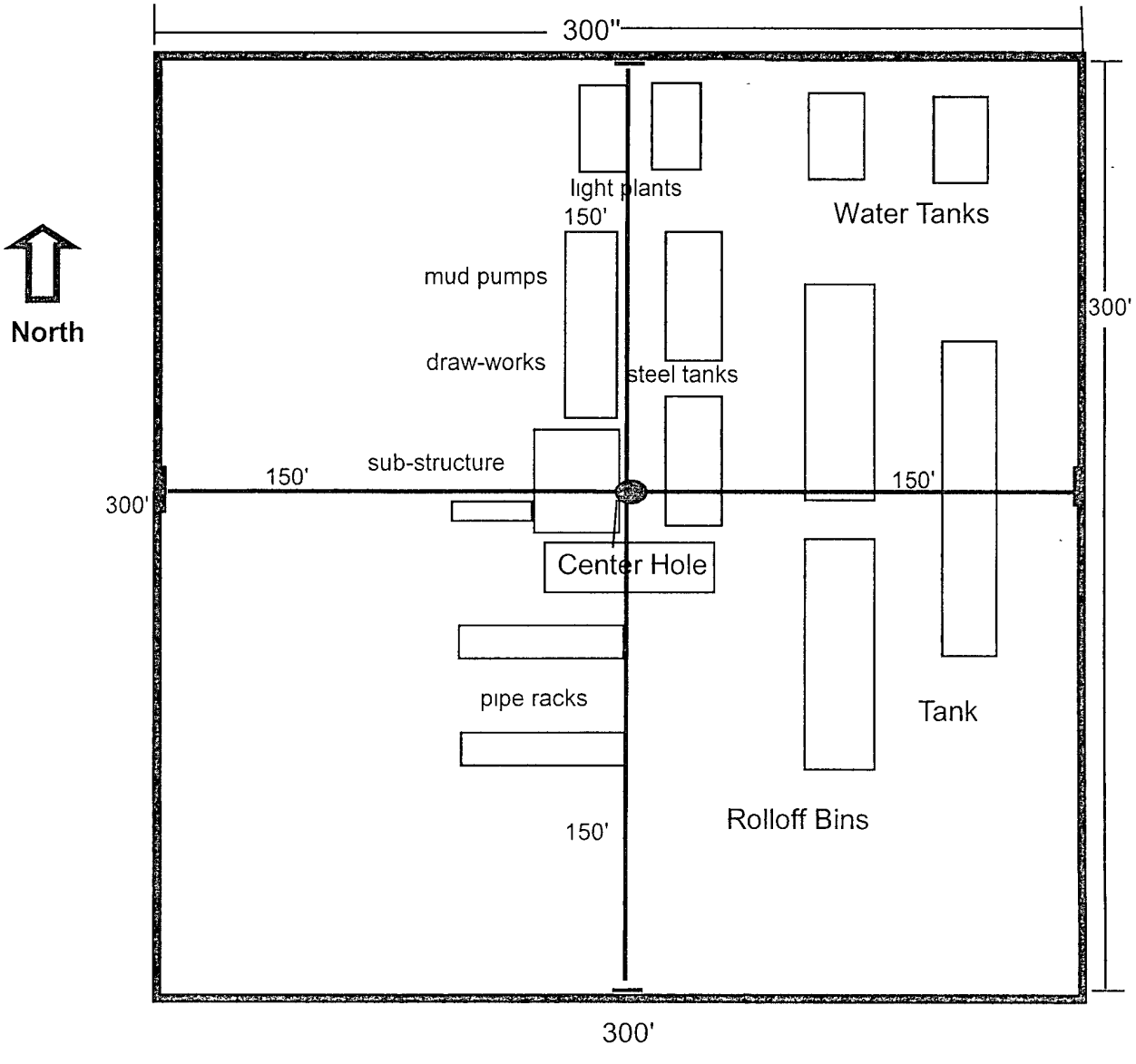
Geodetic System	US State Plane 1927 (Exact solution)
Datum	NAD 1927 (NADCON CONUS)
Ellipsoid	Clarke 1866
Zone	New Mexico East 3001
System Datum	Mean Sea Level
Local North	Grid

Plan Plan #1 (#2/OH)

Created By Nate Bingham Date 15 50, May 25 2010

Checked _____ Date _____

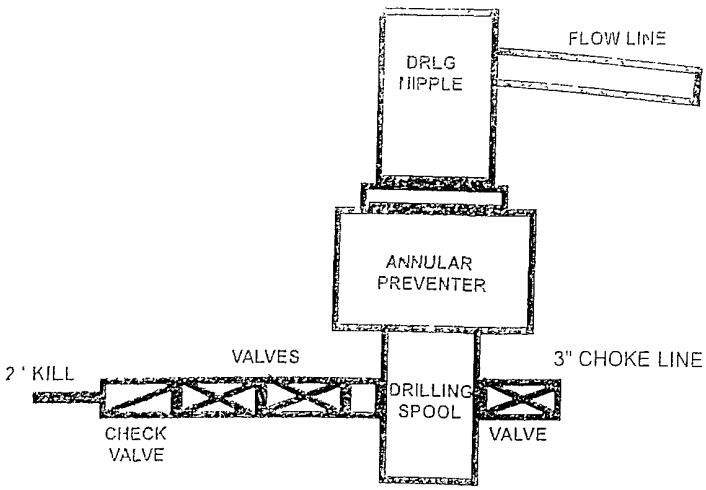
Well Site Lay-Out Plat

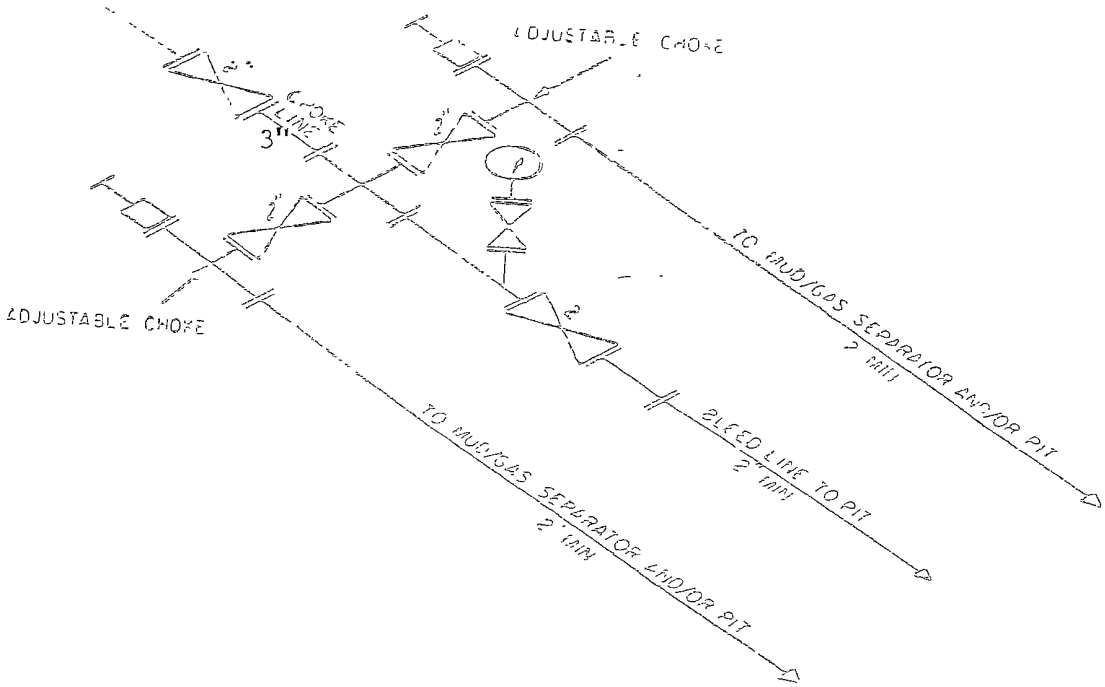


Dirty Dozen State Com #2H
Surf: 1980' FNL & 660' FEL, Sec 36, T19S-R31E
BHL: 1980' FNL & 330' FEL, Sec 31, T19S-R32E
Eddy County, New Mexico

EXHIBIT THREE

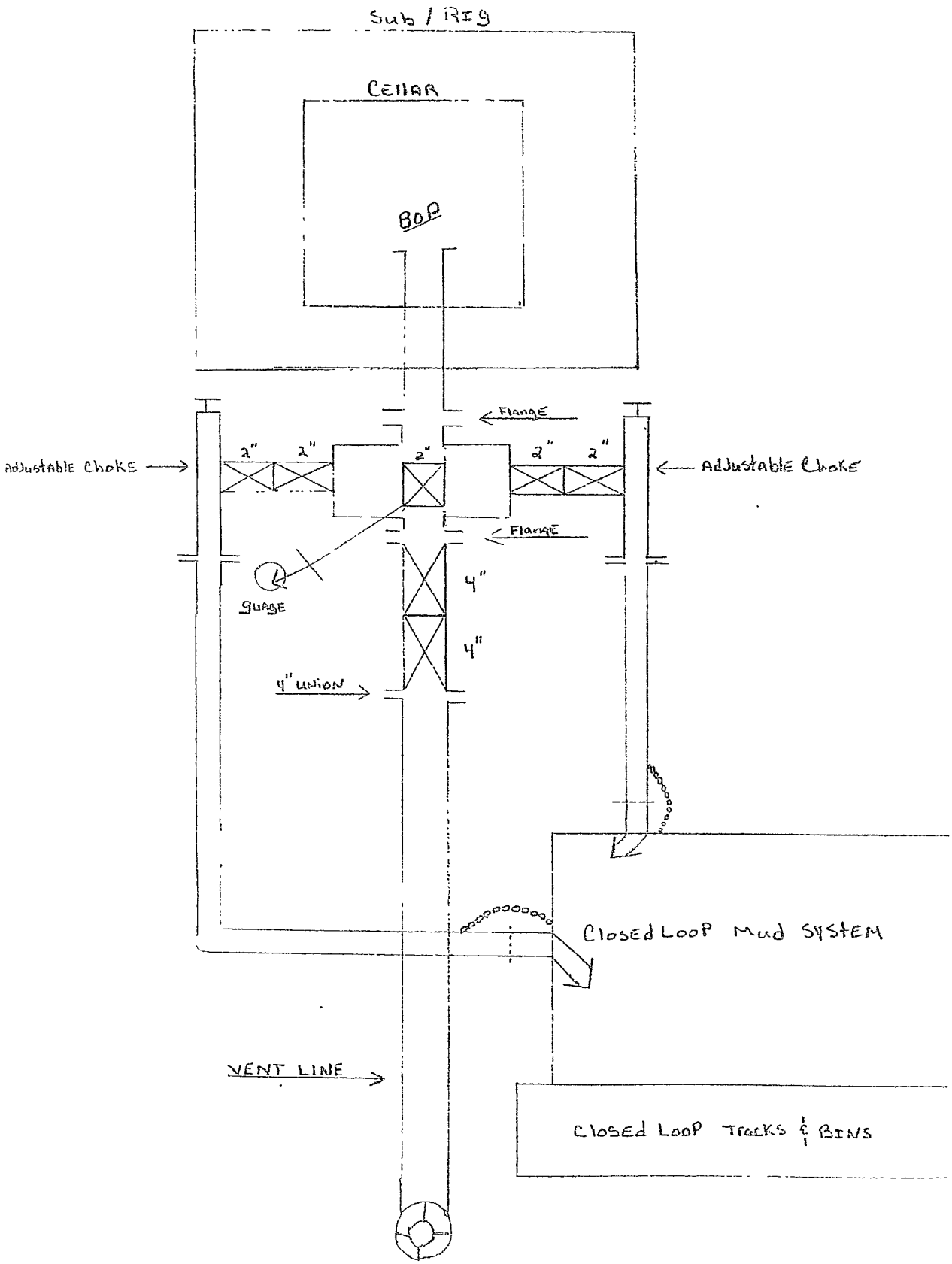
2M SYSTEM



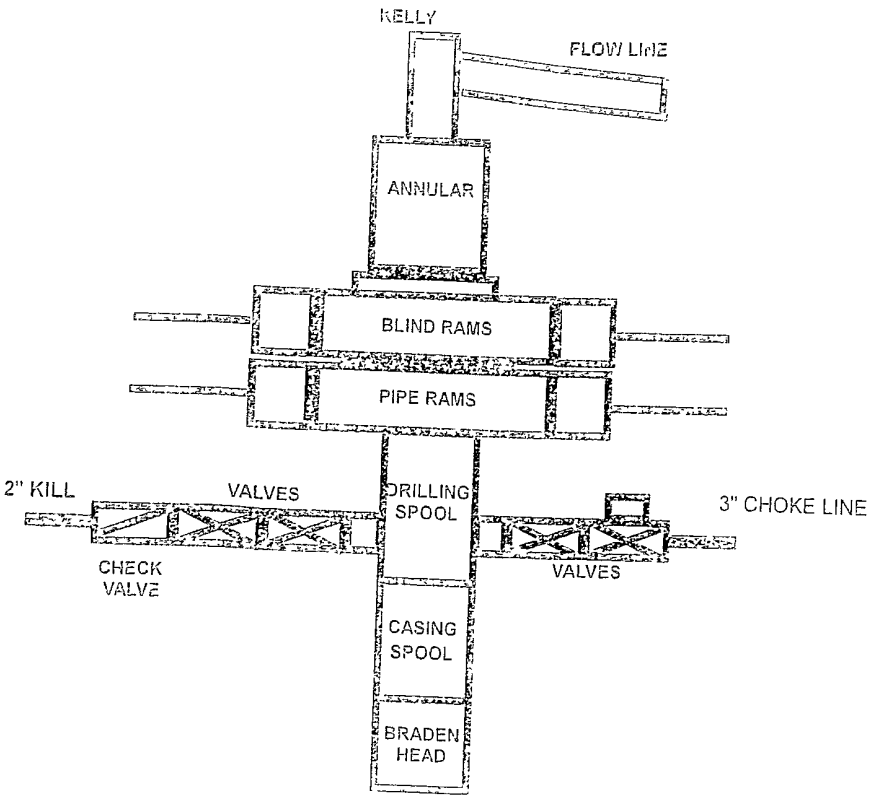


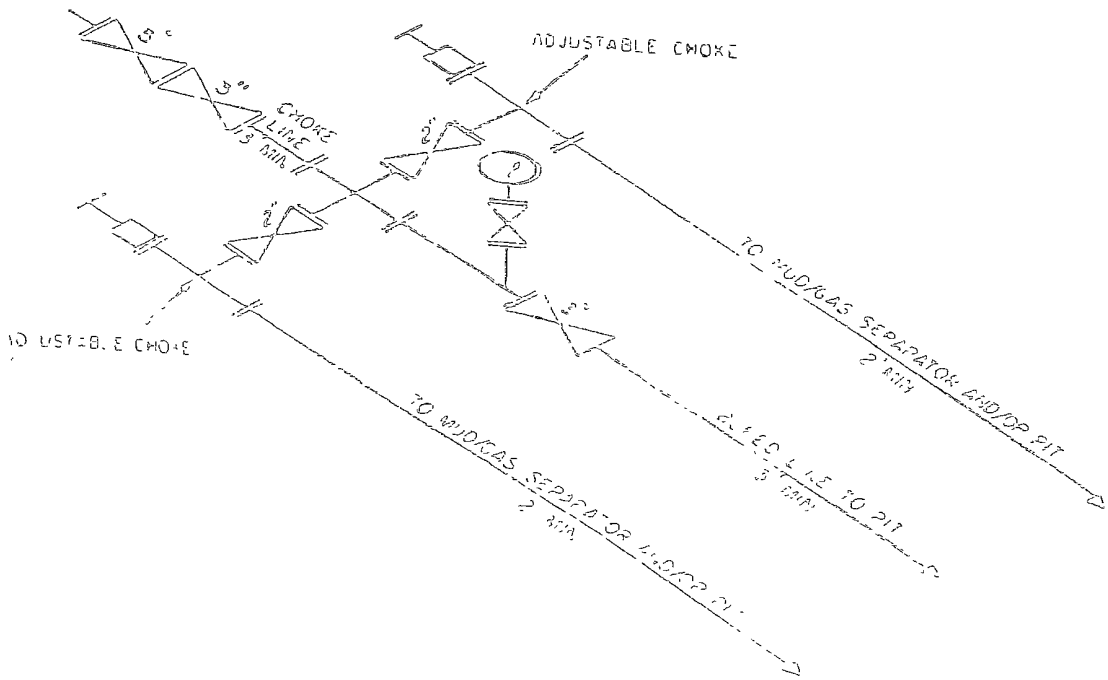
2M CHOKE MANIFOLD EQUIPMENT — CONFIGURATION OF CHOKES MAY VARY

2M Choke Manifold Equipment



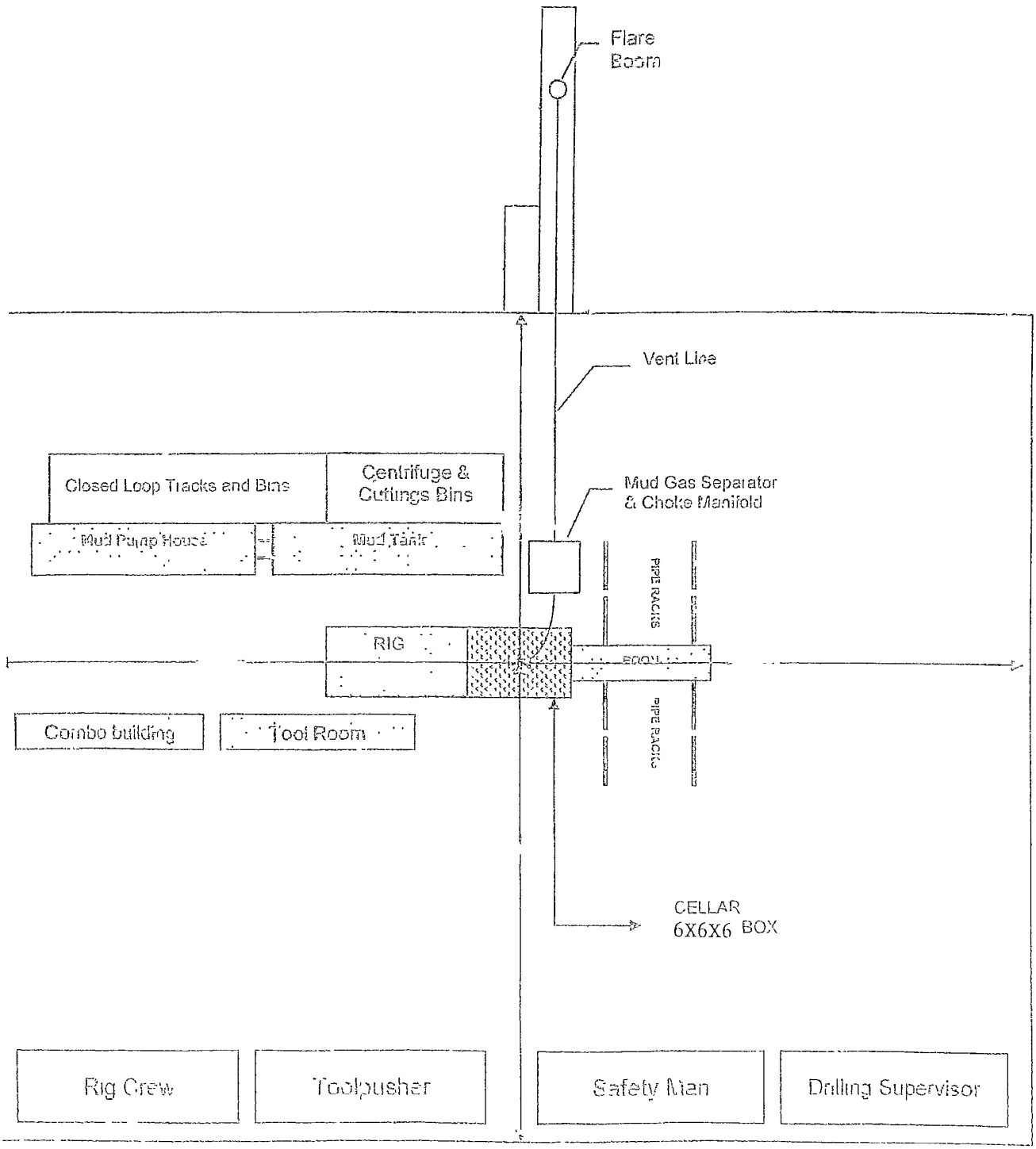
3M SYSTEM





3M CHOKE MANIFOLD EQUIPMENT

3M Choke Manifold Equipment



MARBOB ENERGY CORPORATION

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

A. The hazards and characteristics of hydrogen sulfide (H_2S).

B. The proper use and maintenance of personal protective equipment and life support systems.

C. The proper use of H_2S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.

D. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

A. The effects of H_2S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.

B. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.

C. The contents and requirements of the H_2S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H_2S zone (within 3 days or 500 feet) and weekly H_2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H_2S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

II. H_2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H_2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H_2S.

A. Well Control Equipment:

Flare line.

Choke manifold.

Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head.

B. Protective equipment for essential personnel:

Mark II Surviveair 30-minute units located in the dog house and at briefing areas.

C. H_2S detection and monitoring equipment:

2 - portable H_2S monitor positioned on location for best coverage and response. These units have warning lights and audible sirens when H_2S levels of 20 ppm are reached.

D. Visual warning systems:

Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

E. Mud Program:

The mud program has been designed to minimize the volume of H_2S circulated to the surface.

F. Metallurgy:

All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H_2S service.

G. Communication:

Company vehicles equipped with cellular telephone and 2-way radio.

Marbob Energy has conducted a review to determine if an H2S contingency plan is required for the above referenced well. 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.

WARNING

YOU ARE ENTERING AN H_2S AREA
AUTHORIZED PERSONNEL ONLY

1. ***BEARDS OR CONTACT LENSES NOT ALLOWED***
2. ***HARD HATS REQUIRED***
3. ***SMOKING IN DESIGNATED AREAS ONLY***
4. ***BE WIND CONSCIOUS AT ALL TIMES***
5. ***CK WITH MARBOB FOREMAN AT MAIN OFFICE***

MARBOB ENERGY CORPORATION

1-575-748-3303

EMERGENCY CALL LIST

	Office	Mobile	Home
Marbob Energy Corp.	575-748-3303		
Sheryl Baker	575-748-3303	575-748-5489	575-748-2396
Johnny C. Gray	575-748-3303	575-748-5983	575-885-3879
Raye Miller	575-748-3303	575-513-0176	575-746-9577
Dean Chumbley	575-748-3303	575-748-5988	575-748-2426

EMERGENCY RESPONSE NUMBERS
Eddy County, New Mexico

State Police	575-748-9718
Eddy County Sheriff	575-746-2701
Emergency Medical Services (Ambulance)	911 or 575-746-2701
Eddy County Emergency Management (Harry Burgess)	575-887-9511
State Emergency Response Center (SERC)	575-476-9620
Carlsbad Police Department	575-885-2111
Carlsbad Fire Department	575-885-3125
New Mexico Oil Conservation Division	575-748-1283
Indian Fire & Safety	800-530-8693
Halliburton Services	800-844-8451

MARBOB ENERGY CORPORATION
MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Dirty Dozen State Com #2H
Surf: 1980' FNL & 660' FEL, Sec 36, T19S-R31E
BHL: 1980' FNL & 330' FEL, Sec 31, T19S-R32E
Eddy County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

a. The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102. The well was staked by John West Surveying Company.
b. Exhibit 2 is a portion of a topo map showing the well and roads in the vicinity of the proposed location. The proposed wellsite and the access route to the location are indicated in red on Exhibit 2. Right of way using this proposed route is being requested if necessary.
c. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

DIRECTIONS:

From the intersection of Lusk Plant Road and Co. Rd. #H126 (Maljamar Rd.), go south on Co. Rd. #H126 approx. 3.7 miles. Turn left and go west approx 1.1 miles. Turn left and go south approx .025 miles. This location is approx 130 feet west.

2. PLANNED ACCESS ROAD:

Existing lease road will be utilized.

3. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. In the event the well is found productive, the Dirty Dozen State Com #2H tank battery would be utilized and the necessary production equipment will be installed at the well site. A Site Facilities Diagram will be submitted upon completion of facility.All flowlines will adhere to API standards
B. If electricity is needed, power will be obtained from Central Valley Electric. Central Valley Electric will apply for ROW for their power lines.
C. If the well is productive, rehabilitation plans are as follows:

i. The original topsoil from the well site will be returned to the location. The drill site will then be contoured as close as possible to the original state.

4. LOCATION AND TYPES OF WATER SUPPLY:

This location will be drilled using a combination of water mud systems (outlined in the Drilling Program). The water will be obtained from commercial water stations in the area and hauled to location by transport truck using the existing and proposed roads shown in Exhibit #2. On occasion, water will be obtained form a pre-existing water well, running a pump directly to the drill rig. In these cases where a poly pipeline is used to transport water for drilling purposes, the existing and proposed road shown in Exhibit "2" will be utilized.

5. CONSTRUCTION MATERIALS:

All Caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM approved pit or from prevailing deposits found under the location. All roads will be constructed of 6" rolled and compacted caliche. Will use BLM recommended use of extra caliche from other locations close by for roads, if available.

6. METHODS OF HANDLING WASTE MATERIAL:

a. All trash, junk and other waste material will be removed from the wellsite within 30 days after finishing drilling and/or completion operations. All waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill.
b. The supplier, including broken sacks, will pick up slats remaining after completion of well.
c. A porto-john will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
d. Disposal of fluids to be transported by an approved disposal company.

7. ANCILLARY FACILITIES:

No campsite or other facilities will be constructed as a result of this well.

8. WELLSITE LAYOUT:

a. Exhibit 3 shows the proposed well site layout with dimensions of the pad layout.
b. This exhibit indicates proposed location of fresh water sump pits if utilized and living facilities.
c. Mud pits in the active circulating system will be steel pits and a closed loop system will be utilized.

9. PLANS FOR SURFACE RECLAMATION:

a. After finishing drilling and/or completion operations, if the well is found non-commercial, the caliche will be removed from the pad and transported to the original caliche pit or used for other drilling locations. The road will be reclaimed

as directed by the BLM. The original top soil will again be returned to the pad and contoured, as close as possible, to the original state.

b. The location and road will be rehabilitated as recommended by the BLM.

a. If the well is deemed commercially productive, caliche from areas of the pad site not required for operations will be reclaimed. The original top soil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography. Reserve pit will not be used on this location therefore no reclamation is needed.

b. Topsoil will be stockpiled on the *EAST SIDE* of the location until it is needed for interim reclamation described in paragraph above.

10. SURFACE OWNERSHIP:

The surface is owned by the State Of New Mexico and is administered by the NM state Land office. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas. The proposed road routes and the surface location will be restored as directed by the BLM.

11.OTHER INFORMATION:

a. The area surrounding the well site is grassland. The topsoil is very sandy in nature. The vegetation is moderately sparse with native prairie grass, some mesquite bushes and shinnery oak. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.

b. There is no permanent or live water in the general proximity of the location.

c. There are no dwellings within 2 miles of location.

d. A Cultural Resources Examination will be completed by Boone Archeological and forwarded to the BLM office in Carlsbad, New Mexico.

12. OPERATOR'S REPRESENTATIVE:

A. Through A.P.D. Approval:
Dean Chumbley, Landman
Marbob Energy Corporation
P. O. Box 227
Artesia, NM 88211-0227
Phone (575)748-3303
Cell (575) 748-5988

B. Through Drilling Operations
Sheryl Baker, Drilling Supervisor
Marbob Energy Corporation
P. O. Box 227
Artesia, NM 88211-0227
Phone (575)748-3303
Cell (575)748-5489

CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Marbob Energy Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Marbob Energy Corporation

5/1/10
Date

William Miller
Land Department

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	MARBOB ENERGY CORPORATION
LEASE NO.:	BHL: NM-58935
WELL NAME & NO.:	DIRTY DOZEN STATE COM # 2H
SURFACE HOLE FOOTAGE:	1980' FNL & 0660' FEL, Sec. 36, T. 19 S., R. 31 E.
BOTTOM HOLE FOOTAGE	1980' FNL & 0330' FEL
BHL LOCATION:	Section 31, T. 19 S., R. 32 E., NMPM
COUNTY:	SHL: Eddy County, BHL: Lea County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Timing Limitation Stipulation / Condition of Approval for lesser prairie-chicken:
Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well. For more installation details, contact the Carlsbad Field Office at 575-234-5972.

Communitization Agreement :
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.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. V-DOOR DIRECTION: not stipulated

C. TOPSOIL

The operator shall stockpile the topsoil in a low profile manner in order to prevent wind/water erosion of the topsoil. The topsoil to be stripped is approximately 8 inches in depth. The topsoil will be used for interim and final reclamation.

D. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

E. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call theCarlsbad Field Office at (575) 234-5972.

F. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

G. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed twelve (12) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

Surfacing
Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

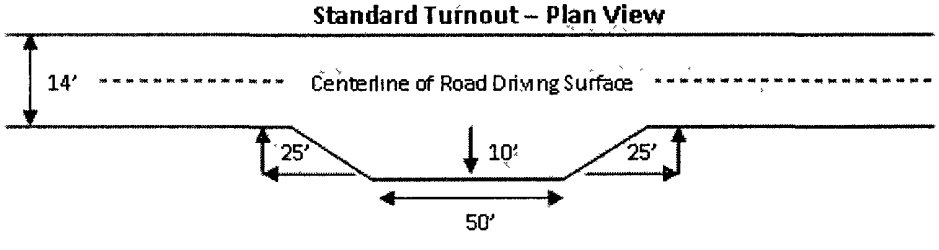
The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

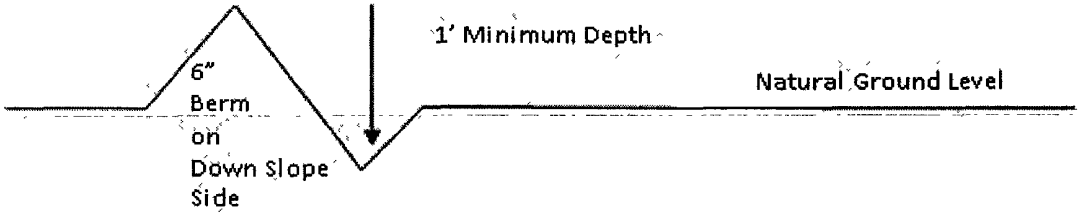
Turnouts
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:



Drainage
Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

400 foot road with 4% road slope: $\frac{400'}{4\%} + 100' = 200'$ lead-off ditch interval

Culvert Installations
Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattleguards
An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

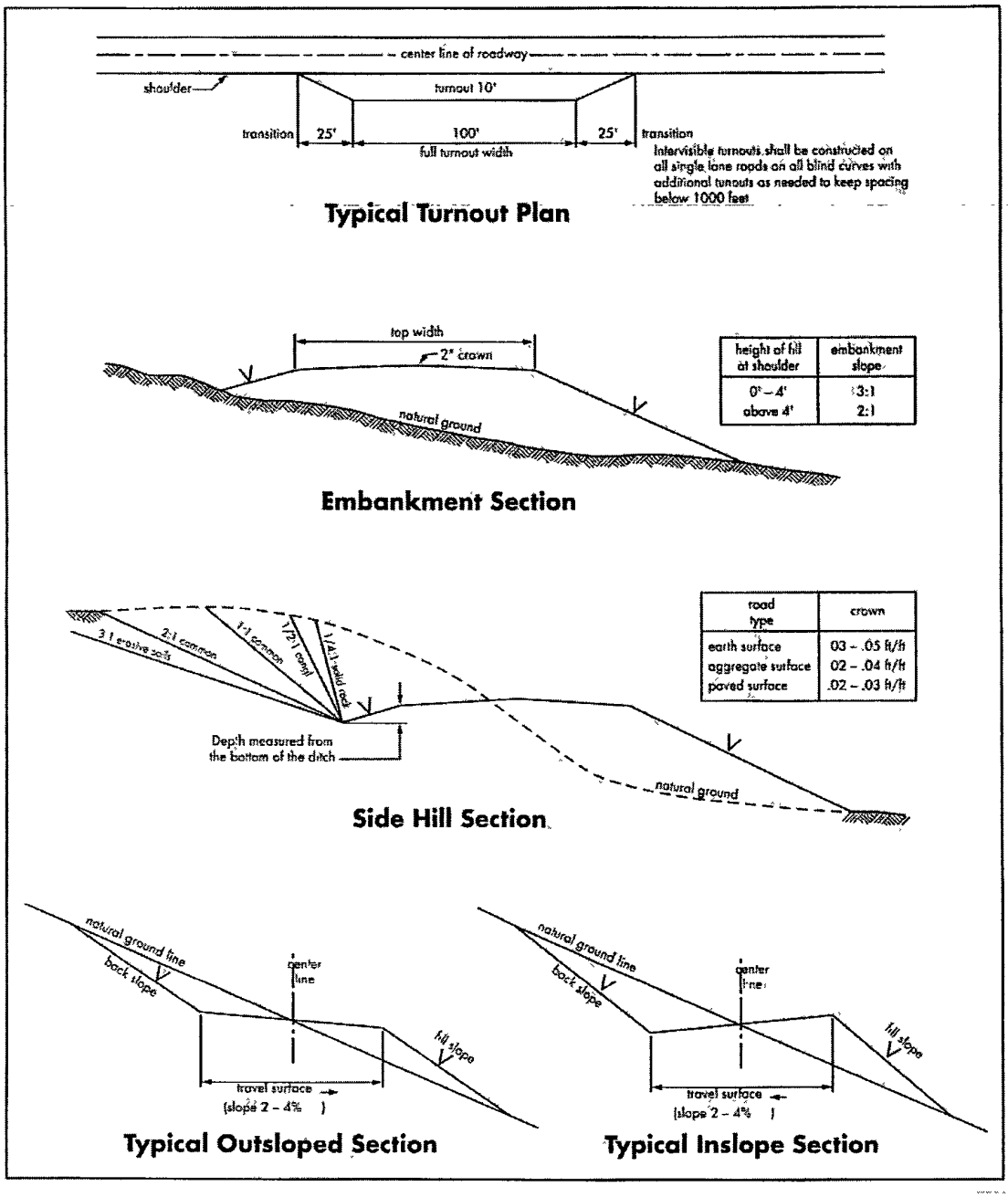
A gate shall be constructed and fastened securely to H-braces.

Fence Requirement
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access
Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

a. Spudding well
b. Setting and/or Cementing of all casing strings
c. BOPE tests

☒ **Eddy County**
Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822

1. **A Hydrogen Sulfide (H2S) Drilling Plan should be activated prior to drilling out the surface shoe. As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.**

2. 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. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a "Major" violation.**

3. Floor controls are required for 3M or Greater systems. These 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 is located, this does not include the dog house or stairway area.

4. **The record of the drilling rate along with the GR/N well log run from TD to surface will be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Secretary's Potash
Possible lost circulation in the Capitan Reef and Glorieta formation.
Possible water and brine flows in the Salado and Blinebry formations.

1. The **13-3/8** inch surface casing shall be set at **approximately 900 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface.

    a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.

    b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.

    c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

    d. If cement falls back, remedial cementing will be done prior to drilling out that string.

Special Capitan Reef requirements:

If any lost circulation occurs below the Base of the Salt, the operator is to switch to fresh water mud to protect the Capitan Reef and use fresh water mud until setting the intermediate casing. The appropriate BLM office is to be notified for a PET to witness the switch to fresh water.

In addition, daily drilling reports are to be submitted to the BLM CFO engineering staff via e-mail by 0800 hours each morning from the setting of the surface casing until the intermediate casing is set. Any lost circulation encountered is to be recorded on these drilling reports. The daily drilling report should show mud volume on an hourly basis. Failure to submit these reports will result in an Incidence of Non-Compliance being issued for failure to comply with the Conditions of Approval. If not already planned, the operator shall run a fluid caliper survey for the intermediate well bore and submit to the appropriate BLM office.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is:

a. First stage to DV tool, cement shall:

☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.

b. Second stage above DV tool, cement shall:

☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to potash.**

Centralizers required on horizontal leg, must be type for horizontal service and minimum of one every other joint.

3. The minimum required fill of cement behind the **5-1/2** inch production casing is:

a. First stage to DV tool, cement shall:

☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.

b. Second stage above DV tool, cement shall:

☒ Cement should tie-back at least **1300** feet into previous casing string. Operator shall provide method of verification.

4. 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 joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. 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 Sec. 17.

2. 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.

    a. **For surface casing only:** If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **9-5/8** intermediate casing shoe shall be **3000 (3M)** psi.

4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. Casing cut-off and BOP installation will not be initiated until the cement has had a minimum of 8 hours setup time for a water basin. The casing shall remain stationary and under pressure for at least eight hours after the operator places the cement. In the potash area, the minimum time is 12 hours and the casing shall remain stationary and under pressure during this time period. In addition, for the potash area, no tests are to be initiated prior to 24 hours (R-111-P regulations). Casing shall be under pressure if the operator uses some acceptable means of holding pressure or if the operator employs one or more float valves to hold the cement in place. Testing the BOP/BOPE against a plug can commence after meeting the above conditions plus the BOP installation time.

    b. The tests shall be done by an independent service company using a test plug.

    c. The results of the test shall be reported to the appropriate BLM office.

    d. 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.**

    e. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. 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.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

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II. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities
Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures
The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement
All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color
Shale Green, Munsell Soil Color Chart # 5Y 4/2

B. PIPELINES – not requested in APD

C. ELECTRIC LINES – not requested in APD

III. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared; these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well.

Seed Mixture for LPC Sand/Shinnery Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

Species	lb/acre
Plains Bristlegrass	5lbs/A
Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	1lbs/A
Four-winged Saltbush	5lbs/A

*Pounds of pure live seed:

Pounds of seed **x** percent purity **x** percent germination = pounds pure live seed